regulations I cut my hand on a broken bottle of tranquilizers?

Is that really important? I am inclined to reply: perhaps not, in and of itself. But it establishes a precedent; it institutionalizes Big Mother. On June 11, 1973, nearly 1 year ago, Mr. Richard Simpson, Chairman of the Consumer Product Safety Commission, remarked in a speech:

> As I said, the NEISS system only tells us which products are associated with injuries reported through hospital emergency rooms. Not reported through NEISS are the many injuries treated in doctors' offices and clinics. And, the most severe cases are fatalities which often go directly to county morgues. We are in the process of expanding our data collection activities to include physicians offices and death certificate reporting.

The remark was repeated on July 17, 1973, and several other occasions. At the present time the information gathering activities of the Consumer Product Safety Commission have been expanded to include investigations of product-related deaths in almost all 50 States of the Union, and plans are well underway to collect information from physicians' offices, from those physicians who can be persuaded to give the required data to the Consumer Product Safety Commission. In establishing its surveillance system of doctors' offices, the Commission or its contractor will attempt to persuade the AMA and the AOE and State and local medical societies to cooperate in its date collecting activities. When the surveillance of physicians' offices and the death certificate surveillance system become fully operational, the Consumer Product Safety Commission will have ready access to all product-related deaths, and a statistically valid sample for injuries treated in the hospital emergency rooms and physicians' offices. All of these data will be subject to in-depth investigation by the Commission if it believes that further investigation is necessary for its purposes.

Of course, should you suffer an injury and go to one of the physicians or hospitals participating in the CPSC surveillance system, the information collected about you and your injury will also be available to the Consumer Protection Agency, assuming that the Senate passes the bill creating that agency.

The collection of this information by the Consumer Product Safety Commission is, of course, a gross violation of privacy. I beg to differ from those of my colleagues who believe that privacy is violated only when information gathered by the Government is disseminated for general consumption. Privacy is violated in the collection of data by the Government, not simply in its dissemination to the populace. Once the Government is party to the data in question, the data are no longer private. I believe that passing laws restricting the distribution of information among agencies of the Government will ultimately no more insure privacy than ministers preaching against the sin of gossip will succeed in ending the activities of the backfence gossips.

Thus if one is in favor of privacy, one must oppose the collection of information by the Government. I am inclined to believe that much of the vocal support for privacy is hollow: Anyone who favors privacy cannot favor increasing the powers of the Government to collect information about its citizens, no matter how innocuous that information may at first apear. To believe otherwise is to be in favor of Big Mother.

SENATE—*Monday, July 22, 1974*

The Senate met at 10 a.m. and was called to order by Hon. JENNINGS RANDOLPH, a Senator from the State of West Virginia.

PRAYER

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

Eternal Father, as we undertake the tasks of another week, our needs are many, but our greatest need is of Thee. Come now to our waiting hearts and go with us in every endeavor. In the responsibilities of statecraft make us truly Thy ministers guided by Thy spirit, trustworthy in motivation and obedient to Thy law.

O God, we pray Thee to work with those who now work for peace. Make all diplomats agents of Thy reconciliation and make every statesman an instrument for bringing peace to warring forces on the Isle of Cypress and in the sea over which the gospel was first carried.

We pray in the name of the Prince of Peace. 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 second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 22, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. JENNINGS RANDOLPH, a Senator from the State of West Virginia, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

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

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. The majority leader, the Senator from Montana, is recognized.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, July 18, 1974, be dispensed with.

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

ORDER DISPENSING WITH CALL OF LEGISLATIVE CALENDAR UNDER RULE VIII

Mr. MANSFIELD. Mr. President, I ask unanimous consent to waive the call of the calendar for unobjected-to measures under Senate rule VIII.

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.

CONSIDERATION OF CERTAIN ITEMS ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 978 and Calendar No. 979.

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

The clerk will state the first bill by title.

AUTHORIZATION FOR APPROPRIATIONS FOR THE BOARD FOR INTERNATIONAL BROADCASTING ACT, 1975

The bill (S. 3190) to authorize appropriations for fiscal year 1975 for carrying out the Board for International Broadcasting Act of 1973 was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8(a) of the Board for International Broadcasting Act of 1973 (87 Stat. 460) is amended by (a) striking out from the first sentence "$50,209,000 for fiscal year 1974" and inserting in lieu thereof "$49,840,000 for fiscal year 1975" and (b) striking out from the second sentence "fiscal year 1974" and inserting in lieu thereof "fiscal year 1975".

CLARA BARTON HOUSE NATIONAL HISTORIC SITE

The Senate proceeded to consider the bill (S. 3700) to provide for the establishment of the Clara Barton House National Historic Site in the State of Maryland, and for other purposes which had been reported from the Committee on Interior and Insular Affairs with amendments:

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

On page 1, in line 8, strike out "donation, purchase with donated or appropriated funds, or exchange" and insert in lieu thereof "donation or purchase with donated funds".

On page 2, in line 18, strike out "such sums as may be necessary" and insert in lieu thereof "not to exceed $47,500", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to preserve in public ownership the historically significant property associated with the life of Clara Barton, for the benefit and inspiration of the people of the United States, the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized to acquire by donation or purchase with donated funds the land and interest in land, together with buildings and improvements thereon, located at 5801 Oxford Road, Glen Echo, Maryland, together with such other lands and interests in lands, including scenic easements, as the Secretary shall deem necessary for the administration of the area. The Secretary shall establish the Clara Barton House National Historic Site by publication of a notice to that effect in the Federal Register at such time as he deems sufficient lands and interests in lands have been acquired for administration in accordance with the purposes of this Act.

SEC. 2. Pending establishment and thereafter, the Secretary shall administer lands and interests in lands acquired for the Clara Barton House National Historic Site in accordance with the Act approved August 25, 1916 (39 Stat. 535; 16 U.S.C. 1, 2–4), as amended and supplemented, and the Act approved August 21, 1935 (49 Stat. 666, 16 U.S.C. 461 et seq.), as amended.

SEC. 3. There are hereby authorized to be appropriated not to exceed $47,450 to carry out the purposes of this Act.

Mr. BEALL. Mr. President, as a cosponsor of S. 3700, legislation establishing the Clara Barton House National Historic Site in Maryland, I am happy to rise and commend this measure to the Senate for favorable consideration.

S. 3700 was introduced by my distinguished Maryland colleague, Senator MATHIAS, and me on June 25, 1974. I was pleased to testify before the Parks and Recreation Subcommittee on July 11 in support of the bill, and am gratified by the swift consideration the Interior Committee gave this legislation.

The home of Clara Barton is a living reminder of the many significant contributions she made to this country, and to humanity. Not only was it her home, but the elegant residence also served for a time as first headquarters of the American Red Cross. It overlooks the historic C. & O. Canal, and would be a valuable addition to the parkland surrounding our Nation's Capital.

Currently, the home is owned by the Friends of Clara Barton, and has been, since January 12, 1965, recognized as a national historical landmark. Recently, the Advisory Board on National Parks, Historic Sites, Buildings, and Monuments recommended the establishment of the Clara Barton House as a national historic site, and thus I urge the Senate to carry out this proposal by passing the bill before us today.

Mr. President, as we approach our Bicentennial celebration, more and more Americans are becoming committed to the cause of historic preservation. I believe that we strengthen the social fabric which unites Americans of different racial, ethnic and religious backgrounds every time we take a positive step toward preserving our heritage. The Clara Barton House is certainly part of that heritage, and I call upon the Senate to favorably act on this measure.

The amendments were agreed to.

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

REMARKS OF SENATOR MANSFIELD BEFORE THE SENATE DEMOCRATIC CONFERENCE ON JULY 18, 1974, AND CERTAIN RESOLUTIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that remarks I made before the Senate Democratic Conference on Thursday, July 18, 1974, and a copy of the Pastore-Kennedy resolution and the Bentsen resolution be printed in the RECORD.

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

REMARKS OF SENATOR MIKE MANSFIELD

On Friday, July 12, the President signed into law a measure which opens the way for Congress to exercise effectively one of its fundamental responsibilities. I refer to the new Budget Act which provides for the coordination of Congressional procedures and clarifies the roles of the Branches with regard to control of federal finances. The Act mandates that Congress face and decide the following four basic questions each year:

1. How much money is needed, and how much can be provided to finance all federal programs?

2. How will available federal resources be divided among those programs?

3. How much revenue will be derived from existing taxes and should this amount be increased or decreased?

4. What size federal surplus or deficit is consistent with sound economic policy?

Congress has recognized the need to address these fundamental questions for decades. Our past inadequacies in dealing with them, however, have been all too apparent. With the fragmentation within the Committee structure and our sometimes leisurely and haphazard practices and with our varied viewpoints, we have not been able in the past to focus and act coordinately on these questions. As a consequence, the Executive Branch has acquired almost the whole of the initiative in matters involving coordination of federal financial policy. That is not as it should be under the Constitution but, perhaps inevitably, that is how it has been in practice.

The Budget Act will not be a panacea for this situation. But, at least, it is designed to equip Congress in ways which will help us to face up to our own responsibilities and respond more effectively to some of the most critical choices which must be made by the federal government.

To begin with, the *law* creates here in the Senate a Committee on the Budget. A similar committee comes into existence in the House. In addition, there is established a Congressional Office of the Budget which is expected to be staffed with the kind of personnel that can provide the two committees with the research and technical analysis of overall budgetary matters that is so vitally needed for making valid judgments. A great deal will ride on these three instrumentalities—that is, the two budget committees and the Congressional Office of the Budget. Largely on the basis of their work, the Congress is expected by the law to lay down the national budget—issuing it early each session, then reviewing and revising it as the year progresses. The law affirms that it is up to the two Houses, in the final analysis, to determine the nation's priorities—where federal spending is to be increased and where it is to be cut. To that end, the start of the fiscal year is reset to October 1, and a timetable is established for Congress to make its decisions regarding spending and revenue throughout each year.

Having convened this meeting for the purpose of high-lighting the significance of the new law, I would note that it is largely the task of this Conference of the Democratic Majority—in consultation with the Republic Minority—to assure that the undertaking gets off on the right foot. The initial responsibility which confronts us involves setting up the new Committee—the Senate Budget Committee.

Bear in mind that this Committee is established not under the Senate's rules but has been mandated by law so there is less flexibility than might otherwise be the case.

The law provides for a fifteen-member Committee and under the current ratio, that would allow nine seats for Democrats and six for Republicans. To fulfill our responsibilities under the Act, it seems to me that this Committee needs to be so equipped and balanced that it can address the national fiscal situation in a national perspective. We cannot be responsible for the Republican assignments, but we are responsible for our own. As in all cases of Democratic committee assignments, the prerogatives rest in this Conference. This Conference will say, in the end, who among the Majority members is to serve on this new Committee and who is to take the Chair, subject only to ultimate approval by the Senate as a whole.

Inasmuch as the Budget law presents for us and for the Senate a matter of new and surpassing importance, it is my judgment that we should not proceed as though we were dealing with a routine matter of committee assignments in which the policies of the Conference are already established, and with which we are fully familiar. If that were the case, in the Steering Committee, great weight would be given to years of continuous service. Other Committee membership of an applying member would be considered. Attempts would also be made to accommodate younger members, as possible, with an interest in the Committee, on the basis of granting such members at least one stated preference. Members would be assigned more or less permanently to the Committee, with the most senior probably designated as Chairman, and once assigned, they would continue to accumulate seniority until such time as their seats were vacated. On the basis of past experience, moreover, the work of the Steering Committee in making these assignments might be expected to be upheld by a unanimous or near-unanimous Conference.

It is not yet clear, however, that routine consideration is necessarily the best way of approaching this new situation. To the Budget Committee, Congress has assigned, by law, responsibilities that are different and of enormous significance. We have authorized its support by what amounts to its own independent Congressional agency. We have bound ourselves to a timetable of legislation which is keyed to the Committee's recommendations. All of this, we have seen fit to embed in the law, subject to change only by law.

I reiterate that the decisions which are made, initially, in regard to the new Congressional budgetary structure are of the greatest importance. Their effect on the nation as a whole can be very profound. So, too, will be the effect in the Senate and the Congress. A whole new sense of timing in the way we conduct our business will be brought into play by this Act. A whole new set of

inter-committee relationships may well emerge. As yet, unforeseen problems may well confront this Conference and the Leadership in the future. With this law, we have probably reached a watershed not only in terms of the responsibilities of Congress to serve as the arbiter of the nation's finances, but in terms of the Senate's internal organization and procedures.

In the circumstances, therefore, it seems to me that the shaping of the Democratic part of this new Committee is hardly a matter for routine handling. In the first instance, at least, it would appear to be a matter for consideration by the Conference itself, rather than by the Steering Committee, as an arm of the Conference. If the Conference shares that judgment—and I shall put the question shortly—then the question of how to proceed will be open for discussion.

I want to emphasize my belief, if I may, that there is an imperative need for balance as among geographic areas and ideological nuances in the Democratic membership of the Budget Committee. The Democrats who sit in the Budget Committee should be so selected, in my judgment, that they will reflect an accurate cross-section of the Democratic members of the Senate. May I say that criteria of this kind, by specific direction of the Democratic Conference, have governed the selection of membership on both the Policy and Steering Committees for all the years that I have been your Majority Leader. In consequence, both have operated in a highly responsive and responsible manner regarding the general inclinations of this Conference.

I would also state my view that I do not believe that members should be designated to the new Committee unless they are prepared to give up now—not two years hence, but *now* an existing membership on other major Committees. At the very least, this readiness should be considered in making assignments. I know that there is a grandfather clause in this law which permits sitting members to add membership on this Committee on top of others which they already hold. That is permissive, not binding, and I think that we would be well-advised to look for a quid pro quo from any member desiring this assignment.

The challenges of the new Budget Committee are too great to be treated as a mere add-on to the responsibilities already carried by individual members. Those who serve on it must give it preponderant attention if it is to function effectively; and if I may underscore the point, I would stress that it requires the direct contributions of Senators not the mere presence of staff aides. As it is now, excessive Committee assignments of individual members already leave Committees and subcommittees fragmentarily served or ill-served and, often, largely in the hands of staff. At the same time, younger members of the Senate are insufficiently used in the basic decision making processes. In this fashion, the principle of equality among all members tends to be honored more in form than in substance. So, again, whatever the decisions of this Conference, I would hope that they will include recognition of the principle that whoever seeks assignment on this new Committee should be prepared to yield, now, a major Committee assignment which he already holds. By the same token, it would be my hope that this Conference will consider selecting the first Chairman of the new Committee on the basis of its best judgment as to who among those designated is prepared and equipped to make the greatest contribution of knowledge, time and effort to its operation.

With that by way as background, I should like, now, to put the following question of procedure:

Is it the wish of the Conference that the Steering Committee shall proceed in the customary manner to select the Democratic nominees for the Senate Budget Committee?

If the Conference votes negatively on this question, the Chair will open the matter for discussion and will entertain from the floor suggestions on how to proceed in this matter. If the Conference votes "aye" it would be my intention to call a Steering Committee meeting in the very near future to prepare the slate of proposed Democratic Members for the new Budget Committee.

What, then, is the decision of the Conference?

PASTORE-KENNEDY RESOLUTION

Resolved, That in determining the majority party membership of the Senate Budget Committee, the Conference instructs the Steering Committee to select members of the Budget Committee to reflect as nearly as practicable the balance of membership of the Conference as a whole, based on the following criteria: geography and philosophy.

BENTSEN RESOLUTION

Resolved, That no member of the Budget Committee shall serve on more than three Class A committees after the commencement of the 94th Congress or more than two Class A committees after the commencement of the 95th Congress;

Provided, That grandfather rights granted to members of the Government Operations and Space Committees shall not be affected.

THE ECONOMIC AND INFLATIONARY SITUATION

Mr. MANSFIELD. Mr. President, last week the Washington Star-News published a number of articles relative to the economic and inflationary situation in which this Nation finds itself today. I ask unanimous consent that these articles be printed in the RECORD, and that they be listed under the titles of each of the four articles.

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

BIG BUST OR JUST STAGNATION?

(By Lee M. Cohn)

Business, squeezed for credit, curtails expansion and production.

Profits shrink, the stock market sags and bankruptcies spread.

Economic growth plods along at the brink of recession.

Unemployment rises by a million or more above normal levels.

Prices surge at triple the pace that used to be called "creeping inflation."

That's an optimistic forecast of the U.S. economy's performance in the new few years.

Quite possibly too optimistic, say a growing number of economists, bankers and businessmen, and even some government officials. They warn that the United States and the world may face a severe recession, with production dropping sharply, unemployment rising to post-Depression peaks, the financial system tottering, and inflation galloping almost out of control.

Few if any established analysts predict a depression like the disaster of the 1930s. But hardly any absolutely exclude the possibility of the worst economic bust since then—a true depression, not just the kind of recession Americans have learned to live with.

Interviews and public statements disclose that many of the people who run the economy and the experts who analyze it are more worried, even frightened, about the outlook than at any time in the postwar era. Anxiety is shaking the confidence of the general public, too, which could weaken the economy further.

No one with sound credentials had talked seriously about financial collapse and depression for decades. Now knowledgeable people are quoting odds.

"The more I think about it, the more vivid it becomes," Arthur M. Okun of the Brookings Institution says. Okun, who was chairman of the Council of Economic Advisers in the Johnson administration, estimates that "the odds on the worst horror stories are no more than one in 20."

While "the likelihood of a bust is not very strong," he says, "it's a scenario you can laugh at any more."

Robert V. Roosa, partner in Brown Brothers Harriman & Co., a leading Wall Street banking firm, puts the odds at one in five. Roosa, undersecretary of the Treasury for monetary affairs in the Kennedy and Johnson administrations, adds grimly:

"In a tough world, you've got to choose what you think is the most probable course and accept the risks of acting on that judgment. That means I'm going to act on the four chances in five that the worst won't occur."

Alan Greenspan, a conservative business economist who has been asked by the Nixon administration to head the Council of Economic Advisers, says he sees "very major potential dangers, but we are so far outside the realm of historical experience that I don't know how to assess the probabilities.

"Take all this talk of a depression and social breakdown and the other horror stories. I can't present any solid reasons why these frightening scenarios cannot happen, which means they possibly could happen. This is the first time I've felt that way since the start of my professional career."

Milton Friedman of the University of Chicago, a leading conservative economist, predicts that "there won't be a major financial collapse." Many financial institutions are "vulnerable" and some are "technically insolvent," he says, but "the government will bail them out."

"I would let them go bust," he says grumpily, predicting that government rescue operations will aggravate inflation and cause other problems worse than a few financial failures.

Rather than worrying about a bust, Friedman says, "my long-run concern is that we're heading toward stagnation (with) sharply reduced economic growth rates. The comparison is very close with what has been happening in England over the last 10 or 20 years."

Greenspan and Nathaniel Goldfinger, research director of the AFL–CIO, also say that, even if the United States avoids a depression, the economy shows ominous signs of catching what Greenspan called "the English disease."

While suffering no severe recessions, Britain since World War II has lost its economic vitality. Investment and efficiency have lagged, the country's competitive position has eroded and growth has been chronically sluggish. Analysts blame "stop-go" policies, which alternately pump up the economy and subdue it with austerity measures.

Paul A. Samuelson of the Massachusetts Institute of Technology, the liberal who won the first Nobel Prize in economics, warns that the United States and other industrial countries may face years of "stagflation"—an unhappy combination of subpar economic growth and inflation rates substantially above past norms.

Nixon administration officials scoff at depression talk—with some exceptions. Surprisingly, however, many of them paint a picture of prolonged sluggishness in the economy, with persistent high rates of inflation.

They use brighter adjectives than Greenspan, Friedman and Samuelson, but the basic forecasts are almost as bleak.

Treasury Secretary William E. Simon acknowledges that it is possible to write a

scenario depicting a deep recession, but said "the probability of that is so low that I'm not considering it."

He proceeds to describe the path he hopes the economy will follow for several years—restrictive budget and monetary policies, economic growth below the long-term trend, a shift from consumption to saving, production below capacity, labor markets that are not too "tight."

Herbert Stein, chairman of the Council of Economic Advisers, says the economy must be held below its "highest possible track," operating with "some degree of slack," for three or four years.

Other key officials, talking less obliquely, acknowledge that the administration excepts and is aiming for an austere period of several years during which business activity is subdued and jobs are somewhat hard to find.

With luck, a recession can be avoided, these sources say. But they contend that a mild slump must be risked.

Only by holding down the economy can the United States reduce inflation and prevent an eccelerating price spiral, officials maintain. Even with this kind of restraint, they admit, progress in curbing inflation will be painfully slow.

Not all government officials are as emphatic as Simon in ruling out financial and economic trouble more serious than the United States has experienced since the 1930s.

Sidney L. Jones, deputy White House economic counselor, says he expects slow growth, not a sharp economic decline, but he admits:

"I've learned never to say never . . . You can paste all these things together and come up with a dour scenario . . . I can't deny that monumental financial difficulties could occur (but) I think it will take something a lot more fundamental than just some financial tensions on the periphery for the real economy to collapse."

Federal Reserve Chairman Arthur F. Burns warns that "hopes for the future of our economy have been shaken by the debilitating effects of inflation." Unless the price spiral is checked, he says, it could bring "mass unemployment."

Besides the financial and economic dislocations caused by inflation, he says, its continuation near current rates "would threaten the very foundations of our society (and could lead to) a significant decline of economic and political freedom for the American people."

President Nixon promised in January that "there will be no recession" in 1974, and administration officials cite current data indicating that the immediate threat of a recession probably has passed. They also predict confidently that the inflation rate will be lower at the end of this year than it is now.

Many independent economists concur. But they note that the administration is claiming less than its public statements imply.

The economy can avoid a recession this year and still bog down. Prices, while rising more slowly than now, still can surge at rates that used to be considered intolerable.

That is what most economists expect through the balance of this year. Furthermore, they fear that the economy will not improve much—and may deteriorate—beyond 1974.

Whether or not the administration's predictions for 1974 come true literally, knowledgeable analysts are more worried about erosion of the economy's strength and stability over the longer run.

The broadest measure of the economy's performance is "real" gross national product—total output of goods and services in terms of quantity, as distinct from the inflated dollar value.

Real GNP declined at an annual rate of 6.3 percent in the January-March quarter. This was the first decrease since 1970 and the sharpest drop since 1958.

Another decline in the April-June quarter probably would have put 1974 into the record books as a recession year. Although there is no rigid formula, a recession is defined conventionally as a decline of real GNP in two or more consecutive quarters.

Preliminary figures indicate that real GNP probably increased very slightly in the second quarter. If this expectation is confirmed, Nixon apparently has escaped the blot of a second recession in his administration, at least for the time being.

But a vigorous recovery is not expected, and there is a risk of another decline late this year or in 1975.

As usual, the administration's forecast is more optimistic than many, but still it is bleak. The administration started the year predicting that real GNP would rebound at an annual rate of more than 4 percent in the second half. Stein has scaled the forecast down to 3 or 4 percent, and now concedes growth may fall below that pace.

Date Resources, Inc., a leading forecasting firm, also is relatively optimistic, in a very hesitant way, about the short-run outlook.

DRI predicts real GNP will advance at annual rates of 3.5 percent in the third quarter and 4.1 percent in the fourth. Acknowledging its uncertainty, the firm also has issued an alternative forecast with gains of 3.2 and 3.3 percent.

Another major forecasting service at the University of Pennsylvania's Wharton School, predicts smaller increases of 2.4 percent in the third quarter and 2.7 percent in the fourth.

Walter W. Heller, chairman of the Council of Economic Advisers in the Kennedy administration, predicts an approximately flat path for output in the second half. Some other economists predict declines.

More significant than what happens through the rest of 1974 is the outlook for sluggish growth, at best, in the next few years. There is broad agreement that output will increase by significantly less than this country's long-term trend of about 4 percent a year.

With population and the labor force expanding, that means living standards will advance only slowly, factories will operate below capacity and unemployment rates will remain above normal levels.

The Wharton service predicts output will increase at annual rates of 2.1 percent in the first quarter of next year, 1.8 percent in th second quarter, 2.7 percent in the third quarter and 3.7 percent in the fourth quarter.

DRI, in the optimistic version of its forecast, predicts gains averaging 3.7 percent next year. Its hedge forecast is 2.6 percent.

Although the administration refuses to be pinned down on 1975 and later, officials say the fight against inflation will require years of "slack" in the economy. Less euphemistically, that probably means maximum output gains of 3 percent annually and unemployment between 5 and 6 percent of the labor force.

The traditional target for the unemployment rate is 4 percent, but some economists believe the practical minimum is 4.5 to 5 percent. The average rate since World War II has been 4.7 percent. Unemployment was at 5.2 percent last month and is expected to rise to 5.8 or 6 percent later this year.

Each percentage point in the rate represents more than 900,000 jobless workers.

Forecasts of sluggish economic growth and unemployment moderately above normal are at the optimistic end of the range. When pessimists ponder the threat of a recession, or worse, this is what they are talking about:

In the recession of 1957–58, the most severe setback since World War II, real GNP declines 3.5 percent. The unemployment rate rose to 7.5 percent. The post war peak of unemployment, 7.9 percent, was reached during the recession of 1948–49, which by most other measures was milder than the 1957–58 slump.

The depression of the 1930s, the worst economic calamity in history, struck with two blows separated by a weak recovery.

Real GNP plummeted by 30.5 percent during the first four-year shock, from 1929 to 1933, and by 5.1 percent in the second phase, from 1937 to 1938.

Unemployment soared to 24.9 percent in 1933. That represented 12,830,000 jobless workers in a labor force much smaller than now. The unemployment rate was 19 percent and the number of jobless workers was 10,366,000 in 1938.

No one expects another disaster of that magnitude. But there can be no guarantee against an economic downturn so much more severe and prolonged than the postwar recessions that it would be recorded as a depression.

Even with subdued economic growth, which is supposed to curb inflation, rapid prices increases are expected. The administration hopes to slow consumer prices increases to an annual rate of 7 percent by the end of this year, but officials concede privately that 8 to 9 percent may be more realistic.

Although that would be an improvement from the inflation rate 12.6 percent so far this year, by any other standard it would be a miserable performance for the U.S. economy.

Until the start of the current inflation surge last year, when consumer prices rose 8.8 percent, the biggest increase since the post-World War II bulge had been 6.1 percent, in 1969. A normal annual rise through most of the 1950s and the early 1960s was less than 2 percent.

Economists wrung their hands about the dangers of "creeping inflation" at 2 or 2.5 percent a year.

If the inflation rate can be trimmed to 7 to 8 percent late this year, further reductions will be difficult and will come slowly, Stein and other officials admit. Steins estimates "hard-core" inflation at about 7 percent.

Many economists fear that the slight abatement of inflation foreseen for the end of 1974 will be only a brief respite, followed by escalation to new record rates.

Galloping inflation, they warn, could collapse the financial system and so bring down the economy.

INFLATION: IT'LL GET WORSE

(By Lee M. Cohn)

If you have nightmares about pushing a wheelbarrow full of money to the market for the week's shopping, like the Germans in the 1920's, Milton Friedman advises you to relax.

"Utter nonsense," says Friedman, the illustrious University of Chicago economist. "There isn't a chance in a million that we will get into hyperinflation."

But it would be a mistake to conclude that Friedman is optimistic about inflation. Indeed, he expects it to get worse—perhaps rising from 12 percent now to 14 percent by 1976 and even faster in later years.

The professor simply cannot stand imprecise use of the language, especially economic terms. By his reckoning, hyperinflation means price rises of at least 50 percent a month, or 600 percent a year. Cynical though he is about government bungling of economic policy, not even Friedman expects U.S. inflation to become that bad.

If "hyper" is the wrong prefix, "super" may be the best description of current and prospective inflation here and abroad. That kind of inflation can:

Lower living standards and erode savings.

Discourage and distort investment.

Raise interest rates and tighten credit.

Create disorder in the banking system and financial markets.

Slow the economy's growth and push it into a recession.

Beyond the direct economic effects, severe inflation deepens distrust of governments and can undermine political stability. Public anger over inflation has toppled several governments abroad.

Many politicians believe inflation is hurting President Nixon with the voters more than the Watergate scandals.

Inflation as measured by consumer prices was held to less than 2 percent annually in all but two years from the end of the Korean war until 1966, when the inflationary impact of the Vietnam war began to be felt.

Consumer prices have soared at an annual rate of 12.6 percent so far this year, and only moderate improvement is expected, at best.

The Nixon administration started the year predicting that inflation would abate to an annual rate of 4.5 to 5 percent by late 1974. Officials were counting on an end to the huge rises in food and fuel prices, and an economic slowdown abroad to ease the pressure on prices of raw materials.

Food and fuel prices, which had accounted for the greater part of the inflation in 1973 and the early part of this year, have been more stable and in some categories have declined from the peaks. Food prices, particularly, have dropped sharply at the farm and wholesale levels.

Prices of imported crude oil are under downward pressure. Some other raw materials prices have dropped significantly.

However, retail food prices have reflected only a small fraction of the farm and wholesale reductions. Farm and wholesale food prices are starting to turn up again. Substantial increases may result from disappointing crops and from the demands of livestock producers for price-boosting actions by the government.

Although there is hope for slower increases and some decreases in food and fuel prices, inflation is bursting out in new directions, with accelerating price rises for a wide range of industrial and consumer goods. The administration has raised its official inflation forecast for late 1974 to 7 percent, and is bracing for 8 or 9 percent.

Independent forecasters generally line up with the administration's more pessimistic projections. Thus, the prospect is for a rate of inflation at yearend far faster than previously had been considered tolerable. For all of 1974., inflation almost certainly will be in "double digits"—10 percent or higher.

Even if a few percentage points are chipped off the current inflation rate by late 1974, it is hard to be optimistic about rapid further progress. Inflation could remain in the 7 to 9 percent range, or could take off to new heights.

Escalation from normal inflation of less than 2 percent a year has been rapid.

Prices rose 3.4 percent in 1966, 3 percent in 1967 and 4.7 percent in 1968. President Lyndon Johnson, fearful of arousing antagonism to the war, refused at first to fight inflation by cutting federal spending on civilian programs or proposing tax increases. By the time he asked for a tax increase and pushed it through Congress in 1968, the price spiral had gained momentum.

That momentum pushed prices up 6.1 percent in 1969. Then, restrictive fiscal and monetary policies of the Nixon administration, which led to a mild recession, began to take hold. Inflation subsided to 5.5 percent in 1970 and an annual rate of 3.8 percent in the first seven months of 1971.

However, Nixon and the country wanted faster progress against inflation and a stronger recovery from the recession, so the President tried a short cut. He imposed price and wage controls and took other measures in August 1971 in an effort to avoid the inflationary consequences, at home and abroad, of policies to spur the economy.

Instead of using the breathing spell provided by controls to put the economy on a sound track, Nixon increased federal spending to stimulate employment and business activity as the 1972 election approached.

Nevertheless, controls seemed to be working as the inflation rate declined to 3.4 percent in 1971 and 1972. Encouraged by the record and apparently unaware of inflationary pressures bubbling below the surface, Nixon relaxed controls in January 1973.

Inflation exploded at an 8.3 percent annual rate in the first half of 1973. Reflecting the counsel of his top advisers, the President froze prices in June.

The freeze caused shortages and other economic dislocations, and it provided only a brief respite from inflation. Prices shot up at an annual rate of 22.8 percent in August, when the freeze was lifted, and have risen rapidly ever since.

Despite the freeze and the relatively tight "Phase 4" controls that followed, consumer prices rose 8.8 percent in 1973, the biggest spurt since 1947. The 1974 record will be even worse.

One big barrier to sustained improvement in inflation is the outlook for wages. Another worry is government policy.

The end of controls (except for petroleum) on April 30 probably will not make much difference directly in prices. Substantial increases to recoup costs would have been granted if controls had remained in force.

Decontrol is having a big impact on wages. Wage increases averaged a little over 6 percent during the control program, and did not keep up with the cost of living.

One representative measure of purchasing power, weekly earnings of rank-and-file workers adjusted to take account of rises in consumer prices, decreased 5.1 percent from April 1973 to April 1974. Social Security payroll tax increases took another bite out of purchasing power.

Now that controls are off, workers are pressing hard to catch up. Unions are demanding big wage increases and there are indications that non-union workers are doing the same.

"Workers and unions have been remarkably patient, but now there's bound to be a rising trend of wage increases and improved cost-of-living escalators," Nathaniel Goldfinger, AFL–CIO research director, says. "Higher wages are the basic way the average guy can protect himself."

Kenneth Rush, White House economic counselor says, "The danger of a wage explosion is one of the real inflationary threats overhanging the economy."

Prevailing estimates of average wage increases through the rest of this year are in a range of 8 to 10 percent. If wages go even higher, the price inflation rate at year-end may exceed the current projections of 7 to 9 percent, and the nation would face "double-digit" inflation again in 1975.

Administration officials do not dispute the argument that workers would need big wage increases if price inflation continued at the recent pace. But they plead for self-restraint, even sacrifice, and urge workers to base today's wage demands on the prospect that the price spiral will abate, not accelerate.

"The important thing is not to bake short-term price movements into long-term wage agreements," Sidney L. Jones, Rush's deputy, says. "But if we stay at 10 to 12 percent inflation much longer, we would have a serious wage eruption."

Besides preaching restraint to workers, the administration is trying to stiffen management's resistance to big wage demands. In a slack economy, the administration warns, it will be hard for business to recoup excessive labor costs by raising prices.

The trouble with this strategy is that many businessmen do not believe that the administration, the Federal Reserve and Congress will resist the temptation to boost the economy by running big budget deficits and pumping up money and credit. If the government shifts to such inflationary policies, businessmen will be able to pass rising labor costs on to consumers in price increases.

Despite rhetoric about fiscal restraint, Nixon knowingly switched to inflationary budget policies to stimulate the economy in advance of the 1972 election. Now that the President has so many other troubles, businessmen doubt that he will stick to anti-inflationary policies, when Congress and the public start grumbling louder about the economic slowdown.

"Whoever does mean business (about curbing inflation) should do his best not to be interpreted as a bluffer," says William J. Fellner of the Council of Economic Advisers.

"I'm not fatalistic," business economist Allan Greenspan says, "but I can't be optimistic, on the basis of the record, that the right things will be done." (Greenspan has been asked by the administration to become chairman of the Council of Economic Advisers.)

Prof. Friedman is almost fatalistic. Right now, everyone is frightened by inflation and talking resolutely about restraint, he says, but if inflation drops temporarily to 6 or 7 percent at the end of this year, "there will be a sigh of relief."

"If inflation subsidies and unemployment rises to 6 or 6½ percent, there will be a crescendo of political pressure in Washington to do something about the slowdown," he remarks.

The government will yield to the pressure and shift back to stimulative policies, he predicts, warning that inflation may bounce back to 12 or 14 percent by 1976 and progressively higher rates later.

"The policies" we follow lead to a ratcheting up of inflation," Friedman believes.

Jones, admitting he was stretching his optimism, says inflation may abate to 7 or 8 percent late this year and 6 or 7 percent in 1975. Then, he says, there could be a gradual decline to 4 or 5 percent over a period of a few years—"but a lot could go wrong."

Treasury Secretary William E. Simon views 7 percent inflation as "only a way-station" leading very slowly to much lower rates, but Herbert Stein, chairman of the Council of Economic Advisers, is not confident that inflation can be kept from rebounding to new peaks.

"We could come down to 7 percent for a while, though we are not necessarily immune from the forces that have gotten some other countries into persistent double-digit inflation," Stein says. "If we escape this time it will not mean that we'll always escape. Our history is one of episodic upward movement of the rate of inflation."

After inflation subsides, he adds, "The question is whether we become impatient and pump up the economy again and get another wave of inflation before there's time to settle down to a lower rate."

Chances for reducing inflation below 7 percent are even more uncertain, he says, calling that rate "kind of a hard core" to which wages and interest rates are adjusting.

"It would be salutary to settle at 7 percent for a while so people can see it's not a one-way street," he suggests. "If we can avoid exceeding 7 percent, we can go on from there and see what we can do to get below that."

Inflation at 10 percent a year compounded would double prices in less than eight years, cutting the value of the dollar in half. At 7 percent inflation, it would take less than 11 years.

Appalling consequences can flow from that arithmetic.

Obviously, those on fixed incomes suffer

most from inflation. They can buy less, so their living standards decline.

Most incomes in the United States are not fixed. Wages and salaries on the average rise every year, Social Security and welfare benefits are increased frequently, and some private pensions are adjusted.

Incomes from dividends, owner profits and rents tend to rise over the years, but they fluctuate with business conditions, which often are unrelated to inflation. Interest rates are flexible, so the income of creditors on new loans and investments generally keeps up with inflation, although interest income on old, low-rate investment falls behind when inflation accelerates.

Thus, most Americans usually are protected to a degree from inflation. Inflation takes away some but not all of the increase in their incomes, and their purchasing power grows. But the average statistics hide millions of individuals whose incomes do not rise as fast as the prices they pay, or who lose ground in particular years.

And in periods of very fast inflation, like the last year or so, most Americans fall behind.

Reactions to the loss of purchasing power vary among consumers. Some try to maintain their living standards by buying as many goods and services as before, which means they must save less of their incomes or borrow more.

In a form of hoarding, some consumers and many businesses actually increase the quantity of purchases to beat expected price rises.

Advertising Agencies are trying to exploit this psychology. Pan American World Airways, urging tourists to vacation in Europe now despite soaring fares, advertises: "A trip to Europe is either more expensive than last year. Or cheaper than next year."

The ad suggests that the tourist charge the fare on a credit card "and pay for today's vacation with tomorrow's dollars."

Speculative buying of commodities and the allure of gold—which Americans probably will be allowed to own by next year—are additional indicators of hedging against inflation. In its extreme form, hedging deteriorates into what economists call a "flight from money." When confidence in the future buying power of money collapses, consumers and investors scramble to acquire "real" assets with intrinsic value.

Panic buying and speculation would aggravate inflation by bidding prices up. Beyond that direct effect, the fever would dry up the savings needed for loans and investments to keep the economy going. Ultimately, if money and financial assets were considered virtually valueless, the economy could break down into a barter system.

Economists see no signs that spending or speculation are getting out of hand. Indeed, there are some indications of retrenchment, which would help to curb inflation, but also could bring on a recession.

Consumers in the aggregate are spending more dollars than last year, but the quantity of goods and services purchased is lagging behind 1973. They also apparently are saving approximately as big a percentage of after-tax income as in the recent past.

Spending is restrained partly because inflation has raised prices of essentials so high that less income is left over for discretionary buying. The average consumer has no choice but to buy less. The heavy burden of debt repayments is taking another big bite out of spendable income.

Consumers also are rebelling against high prices, notably for meat but for other goods, too.

White House economist Jones says this resistance to price increases may set up a "confrontation" in which producers would be forced to abandon the idea that they can easily increase prices to recoup rising costs and still sell all the goods they can turn out.

Perhaps the main reason for the consumer's conservative reaction to inflation is worry about the future of the economy. When hard times are anticipated, most Americans try to build up their financial defenses.

For example, some life insurance industry sources report that customers are increasing their coverage—a form of saving—in an attempt to compensate for the erosion of protection by inflation.

People save despite inflation, a leading economist says, because "even if the dollar you put aside now will be worth only 90 cents (including accumulated interest earnings) when you retire, it's better to have 90 cents than nothing.

This attitude will prevail unless the inflation rate becomes much faster than anything the United States has experienced, he believes.

The banking system and financial markets also are adapting to inflation, not yielding to it so far. Interest rates have soared as lenders have attempted to keep up with inflation, and some borrowers have been squeezed out.

Restraint on consumers and borrowers is the traditional prescription for fighting inflation. The question is whether the restraint will curb consumer and business spending enough to slow inflation, without pushing the economy into a recession.

That risk must be taken, because if inflation is allowed to accelerate it will lead eventually to a "bust" worse than a recession, a key government official says.

"It wasn't the government that ended inflation in Germany in the '20s," he remarks. "The economy just ground to a halt."

INTEREST—RATES AND FEARS UP

(By Lee M. Cohn)

"If you want tight money to have an impact, it's got to be tight enough to scare people a little," Wall Street banker Guy E. Noyes says. "And when that happens you could scare them to death."

Wall Street and the rest of the money network here and abroad are very scared, suffering what probably is the worst case of financial jitters since the Depression of the 1930s.

While seasoned analysts believe the odds favor the financial system holding together, they predict tight money will cause "painful adjustments," a euphemism for a high rate of bankruptcies and an economic slowdown recession.

They see risks of a grimmer outcome—financial disorder and a world depression that could bring political chaos.

Inflation is the root of the trouble. The Federal Reserve is trying to fight inflation by squeezing money and credit. The squeeze hurts borrowers and lenders, and is strangling some of them.

Besides general inflation, high oil prices are disrupting the international financial system.

These are some of the actual and potential consequences that frighten banker, businessmen and economists:

Inflation makes lenders reluctant to tie up their money because they expect to be repaid with dollars of much lower purchasing power. They try to compensate for the anticipated erosion of the dollar's value by raising interest rates, and may refuse to lend at all.

The Federal Reserve, fighting inflation, curtails growth of money and credit in an effort to restrain the spending that bids prices up. As credit supplies tighten, interest rates rise.

Banks encounter difficulties in obtaining money to make loans and to pay off their creditors and depositors. If a bank's withdrawals and repayment obligations bunch up and its assets cannot be turned into cash quickly, it may fail.

Savings and loan associations (S&Ls) and savings banks lose deposits because they cannot afford (and are not allowed) to pay interest rates as high as savers can obtain elsewhere.

Some borrowers cannot afford the high interest rates or cannot obtain all the credit they need at any price.

Businesses, unable to borrow fresh cash, cannot pay all their obligations and may go bankrupt.

The shortage and high cost of credit compel businesses to reduce purchases for inventories and curtail expenditures for plant expansion and modernization. As a result, current production and long-term economic growth slow down.

Increases in payments for oil create huge international flows of money, weakening some currencies and straining the financial system.

"There are going to be some dislocations, and they're going to be painful," a top-policy-maker says. "I don't know how we can control the inflation and get back to stability without some people getting hurt."

Albert H. Cox Jr., chief economist of Lionel D. Edie & Co., Inc., a leading forecasting and consulting firm, warns of a "perilous descent" from high inflation and interest rates.

The best hope for limiting the damage would be "a weak recessionary economy," Cox says. "One way or another, this thing is going to break (and) it would be a lot easier to come down from 12 percent inflation and interest rates than from 15 percent."

If the economy is relatively strong, interest rates and inflation probably will rise from current levels before breaking, he explains, while if the economy is weak, the peaks may not be much higher.

Inflation as such might not lead directly to a severe recession or a depression. Rather, inflation creates the conditions that gradually bring on an economic decline: distortions of income, spending and investment, high interest rates, tight credit, financial dislocations.

Instead of moving on a direct line from inflation to a bust, the economy could sputter, and perhaps mount brief recoveries, over a prolonged period before dropping.

Inflation and high interest rates go together.

If a lender is entitled to earn 3 percent for the use of his money—2 to 4 percent is a rough estimate of the basic interest rate in the United States—he wants to be repaid $1,030 at the end of a year on a $1,000 loan. (He will demand somewhat more to cover any unusual risks of default by the borrower.)

If he expects prices to be stable during the year, he will settle for 3 percent interest. When he is repaid, he will be able to buy $30 worth of goods and services beyond what he could have bought with his $1,000 at the start of the year.

But suppose prices rise 10 percent, so that $1,000 worth of goods costs $1,100 at the end of the year. With a repayment of $1,030, the lender could buy less than if he had spent his original $1,000.

To come out even, he would have to be repaid $1,100, requiring a 10 percent interest rate. To buy 3 percent more goods than he could have purchased for $1,000 at the start of the year, he would need $1,133, or an interest return of 13.3 percent.

Unless inflation subsides, interest rates may rise above present record highs. If inflation persists at the recent 12.6 percent pace, the lender will not be compensated by current interest rates of about 9 percent for home mortgages, 9.75 percent for high-grade corporate bonds and 8.25 percent for Treasury bonds.

Rates are influenced by what the lender expects to happen to inflation. If he expected 12.6 percent inflation to continue through the years until he is repaid, he might not invest at prevailing interest rates. He might insist on higher rates to offset the prospective loss of purchasing power.

Since lenders are investing at current interest rates, though hesitantly, they presumably expect less inflation before the loans come due, so that interest income will compensate them.

By some estimates, current interest rates are consistent with 6 to 8 percent inflation. If inflation slows to that pace, interest income at current rates will offset the loss of purchasing power and give lenders a fair return for the use of their money.

That indicates rates will not decline sharply if inflation subsides only slightly to the 7 to 9 percent range predicted by many analysts for late this year—unless there are good reasons to expect substantial further progress. Interest rates have already adjusted to approximately that kind of inflation.

Aside from the hope of slower inflation, money is loaned at negative rates of return mainly because interest rates are determined competitively by the supply and demand for credit. Inflation raises rates but does not set the exact levels.

Furthermore, alternative investments may not pay higher returns or may be riskier. Investors are better off lending at whatever rates they can get than letting money lie idle as inflation erodes its value without any offset at all.

The supply of money and credit relative to the surging demand is being squeezed by the Federal Reserve in its effort to fight inflation by restraining borrowing and spending. The Federal Reserve operates mainly by selling Treasury securities, which drains loanable funds from the banks. Through a complex web, the squeeze spreads through the economy, creating severe financial tensions.

Rumors spread intermittently that the Federal Reserve is relaxing restraint, but there is every indication that the money managers are keeping the screws tight—and may turn them still tighter.

Relaxation of restraint on the supply of credit by the Federal Reserve might lower interest rates temporarily, if lenders did not interpret the easing as inflationary. Any marked slackening of demand for credit, which could result from an economic slump, probably would pull interest rates down.

Money and bond markets—and the stock market, which has been hit hard by tight credit—grasp at any indication that borrowing may abate.

Market interest rates declined a bit and the stock market rallied immediately after major New York City banks reported last week that their loans to business had risen less than the week before. Analysts caution, however, that one week's figures are not conclusive.

While rates will fluctuate in response to passing developments and market psychology, no sharp, sustained decline can be expected unless the economy slides into a recession or inflation subsidies more than now is foreseeable. If inflation accelerates, interest rates will top current peaks.

The prime rate—the interest charged by banks on loans to their best corporate customers—has stabilized at least temporarily at a record 12 percent, after rising rapidly from 8½ percent in March. This rate is a sensitive indicator of trends in short-term interest rates generally.

Strict application of formulas pegging the prime to other rates would have raised it to 12½ percent or higher. However, some leading bankers hope demand for business loans will slacken soon, putting rates in equilibrium near current levels. They have deferred increases to see whether this expectation is confirmed.

Aggressive policies of banks have heightened their vulnerability to tight money. To increase earnings, they have pushed hard to expand lending in recent years, and they have been ingenious in tapping new sources of loanable money.

All of these innovative sources of money are short-term—banks can count on them only for brief periods. When money is tight, it is difficult and costly to "roll over" the obligations as they come due by extending them or finding fresh money.

If banks have trouble obtaining funds, they are compelled to hold down their lending. This is an objective of the Federal Reserve's anti-inflation campaign, but the squeeze could become a crunch.

When an over-extended bank cannot raise enough money to meet its obligations, it may collapse and drag down its depositors and creditors, including corporations and other banks.

Federal deposit insurance covers only the first $20,000 of each deposit, which leaves the bulk of the sensitive money uninsured.

Jitters about the banks have been intensified by the troubles of the Franklin National Bank of New York, which sustained big losses on questionable loans and foreign currency speculation. News of the losses provoked large withdrawals from the bank and made it almost impossible to roll over maturing obligations.

The Federal Reserve has kept Franklin National afloat by lending it more than $1 billion and persuading other banks to lend it money. Government officials are trying to arrange a merger of Franklin National with a strong bank.

Another recent shock was the collapse of the Herstatt Bank of Cologne, West Germany. At least a half dozen big U.S. banks face potential multi-million-dollar losses as as result of Herstatt's failure to pay off obligations.

These cases have made depositors and lenders suspicious of other banks, although government officials state that they know of no other major U.S. banks in similar difficulty. Because of the suspicions, some apparently sound banks outside the major money centers of New York and Chicago have been compelled to pay premium rates to obtain money, and some of them have not been able to obtain their full quotas.

The Federal Reserve is pledged, in its role as "lender of last resort," to protect sound banks caught in a squeeze, and Chairman Arthur F. Burns has promised to avoid a general "liquidity crunch"—a widespread inability to raise needed cash.

Nevertheless, Guy Noyes, senior vice president and economist of Morgan Guaranty Trust Co., warns that "it would take only a couple more (banks in trouble) to really get people shaken up so that a lot of banks would have trouble rolling over (obligations). . . . Whenever policy is tight there's a kind of brinkmanship."

Savings and loan associations have special problems, which cause trouble for housing.

Unlike banks, which can be flexible S&Ls have most of their money tied up in long-term home loans made years ago at fixed interest rates far below the present pattern.

Meanwhile, high interest rates on Treasury securities and many other kinds of debt issues are attracting savers, who are withdrawing deposits from S&Ls to switch to these investments. S&Ls, with low earnings on old mortgages, could not afford to match these rates. Besides, federal regulations demanded by the S&Ls to protect them from competition, put ceilings on the rates they can pay.

S&Ls are borrowing heavily from the Federal Home Loan Bank Board, the industry's supervisory agency, to cover withdrawals and outstanding commitments for mortgage loans. They are making few new mortgage commitments, which is a big reason for the depression in housing.

Alan Greenspan, a business economist who has been asked by the administration to become chairman of the Council of Economic Advisers, believes the S&Ls are the most seriously threatened financial link.

Because of inflation, he says, interest rates are "rapidly approaching the crisis threshold" beyond which the S&Ls would be hit by withdrawals amounting to tens of billions of dollars."

"The Federal Reserve's response," he predicts, "would be immediate and massive support (which) would create such an expansion in the money supply as to doom all reasonable efforts at future restraint. Such a crisis might well put us beyond the scope of any conventional solutions to our inflationary problems within this decade."

Prof. Milton Friedman of the University of Chicago also predicts the government will "bail out" the S&Ls in an inflationary manner, probably by paying them about $10 billion of subsidies so they can raise interest rates on deposits to competitive levels.

High interest rates and tight supplies of credit are starting to restrain business activity, as intended, although there is no convincing evidence yet that the squeeze is curbing inflation.

At 6 percent interest, it may be profitable for a company to build up inventories and purchase new machinery and equipment. At 12 precent or higher the profitability may vanish, so planned outlays may be cut back.

The theory is that marginal spending will be weeded out, while the most profitable and therefore presumably most worthy expenditures still will be financed adequately.

Some categories of essential borrowers have been hurt badly. Electric utilities, especially, must pay sharply escalating interest costs on new bond issues. Investors are worried that utilities will not be able to repay debts because state regulatory agencies are lagging in raising the rates charged by utilities enough to cover soaring fuel costs.

Increasing numbers of corporations have postponed or canceled planned bond issues because of prohibitive interest costs. Local governments also have deferred bond issues.

Reluctant to commit themselves to paying current high interest rates over the 30 years of a typical bond, many corporations are trying to raise money temporarily through short-term borrowing, which means they must borrow more often.

This is not cheap or easy, either. Corporations traditionally borrow large sums of short-term money by selling commercial paper—a form of promissory note—largely to other corporations. It now is difficult or impossible for corporations with less than a prime credit rating to sell commercial paper.

Frozen out of the bond and commercial paper markets, corporations are lining up for bank loans. Many of them are rejected or their loan requests are scaled down.

Caution by lenders is sensible but some of them are forgetting that normal business risks must be taken, says Robert V. Roosa, partner in Brown Brothers Harriman & Co., a leading Wall Street banking firm.

If the squeeze gets much tighter, some analysts fear, many sound companies may be unable to pay their debts or finance operations. There could be a wave of bankruptcies, with debtors dragging down their creditors.

The Federal Reserve would act to relieve such a liquidity crunch, but once a crisis started it would be impossible to avert serious damage. And the rescue would require a sharp expansion of money and credit, fueling inflation.

Just the threat of a liquidity crisis is leading many corporations into defensive tactics. Unsure of their ability to raise cash, they are holding down purchases for inventories and reviewing planned outlays to expand and modernize.

International financial instability creates additional complications. Huge oil price rises are increasing the revenues of the oil exporting countries by perhaps $60 billion this year, and draining the same amount out of importing nations. The money flows are unsettling.

Most of the oil exporters cannot quickly spend all of their swollen revenues, so they are lending and investing the excess abroad. This money is flowing back to the oil importing countries, directly or indirectly. In effect they are buying the oil on credit.

This "recycling" of oil money may not go smoothly, however. The money will not be loaned or invested in exact proportion to the oil payments of importing countries. Poor countries, particularly, cannot compete for loans and investments, and could not afford to repay loans at market interest rates in any case.

International financial leaders are trying, therefore, to redirect the oil money where it is needed. The outcome is in doubt.

Most of the oil money flows initially through the "Eurocurrency" market, a network of banks that accept deposits and make loans of dollars and other currencies issued outside their borders.

The Arabs prefer to keep their oil revenues, mostly dollars, in short-term Eurocurrency deposits. To help importing countries pay for oil, Eurocurrency banks lend the Arabs' money mainly at intermediate terms of about five to seven years.

This pattern is risky. Sudden withdrawals of the Arabs' deposits or defaults by the borrowers could catch the banks short of cash. The huge amounts of the money flows are straining the capacity of the Eurocurrency market.

Some analysts warn of domino-like bank failures. Since many of the Eurocurrency banks are affiliates of U.S. banks, and virtually all of them deal with banks here, American banks could be dragged down by bank failures abroad.

There has been progress in managing the flows of oil money, however. The Arabs are starting to relieve the strains by lengthening the time of their deposits and diversifying their loans and investments. Increasing amounts of the Arabs' funds are flowing into the U.S. money and capital markets. Investments in U.S. Treasury issues are expected.

NO EASY ECONOMIC OPTIONS

(By Lee M. Cohn)

Government policy-makers, struggling to rescue the economy, have used up all the safe, easy options.

They can fight hard against inflation by holding the economy down, risking a recession or worse.

Or they can bolster the economy, risking an escalation of inflation.

President Nixon is trying to find his way along a third path—hoping that mild economic restraint will reduce inflation gradually, while still permitting moderate growth of production and employment. This compromise policy can be dangerous, too.

At best, it would bring several years of sluggish economic activity, with inflation persisting at a pace far above normal for the United States.

The compromise could misfire, pushing the economy from sluggish growth into a recession. And it may be too late for mild economic restraint to bring inflation under control.

"It's a tragedy that we've gotten ourselves to a situation where the only tradeoffs are terrible or more terrible," says Alan Greenspan, a conservative business economist who is in line to become the new chairman of Nixon's Council of Economic Advisers.

Greenspan favors stringent anti-inflation policies, with a tight federal budget and tight credit, despite his concern that severe financial dislocations might result.

"We don't have the alternative of a simple easy solution to bring ourselves back to non-inflationary normality," he says. "We did have that alternative but it's been dissipated, lost as a realistic option."

Arthur M. Okun of the Brookings Institution, a liberal who was chairman of the Council of Economic Advisers in the Johnson administration, believes budget restraints should be loosened but endorses the Federal Reserve's tight credit policy.

Okun even considers the case for an extreme credit squeeze to get fast results in checking inflation.

"If we could have a controlled panic, we could wring out the speculative excesses," he says. "There would be bleak headlines for a couple of weeks, but we could have quick disinflation instead of hanging in there for two years with 6 percent unemployment.

"But that's playing with fissionable material. Setting off a controlled explosion is a sticky thing. I hope they don't try to fine-tune the panic."

Nixon's tone is reassuring, not panicky. Indeed, he sees economic problems as offering an opportunity to show that he can control events, despite the Watergate scandals.

Attempting to demonstrate his capacity to function, he is conducting well-publicized meetings with economic advisers, businessmen and others. He plans a speech to the nation on the economy next week.

The flurry of activity has yielded little substance, and has not overcome the impression that the administration is groping for economic remedies. Businessmen and economists complain that lack of leadership is undermining confidence.

Apart from the merits of economic policy arguments, Watergate creates doubts about the President's political resources for pursuing policies he believes will work. It may be even more difficult than in the past for him to obtain congressional cooperation in controlling government spending and taking other action against inflation.

He did defeat a move by Senate Democrats to cut individual income taxes, but pressure for tax reductions may grow. And if Nixon decided a tax increase or other tough measures were required, his prospects would be dim.

Fearful of losing, he might avoid bold initiatives.

After experimenting with price and wage controls in the hope of escaping the inflationary consequences of big budget deficits and easy credit, the administration has proclaimed its return to orthodox policies for stabilizing the economy.

The slogan is "old-time religion," meaning curbs on deficit spending and on expansion of money and credit, which can fuel inflation.

The announced budget target is a $5 billion reduction of the $305.4 billion deficit estimated for this fiscal year, and a balance of outlays and revenues next year.

Federal Reserve policy aims at curbing expansion of money and credit in order to restrain inflationary spending by the public.

"We intend to deal with this old-fashioned disease, with old-fashioned remedies for the simple reason that there are no new ones that work," Kenneth Rush, Nixon's economic counselor, declares.

"These are painful remedies and they take time. But we know they work . . . We will fight the inflation on the monetary and fiscal line no matter how long it takes."

Not all economists agree that fiscal (budgetary) and monetary restraint can help much to control the kind of inflation now plaguing the United States, unless the squeeze is so severe that the economic damage would be intolerable.

Walter W. Heller of the University of Minnesota, who was chairman of the Council of Economic Advisers in the Kennedy and Johnson administrations, sees wages as the main source of inflationary pressure from now on. Fiscal and monetary tightness can curb inflation resulting from excessive spending, but have little impact on wage settlements, he argues.

While "reasonably rigorous" fiscal and monetary policies make sense, Heller criticizes the "hard as nails" line taken by Federal Reserve Chairman Arthur F. Burns.

"King Arthur and his knights of the monetary round table have carried things too far," he objects. Tight credit threatens to make the economy so sluggish that productive efficiency would suffer—raising costs and aggravating inflation, he warns.

Heller favors "guideposts" for reasonable prices and wages, relying mainly on publicity to hold down excesses, but also providing government authority to roll back "flagrant" increases.

Otto Eckstein of Harvard University, who served under Heller on the Council of Economic Advisers, also contends that Federal Reserve policy should be relaxed because the risks surpass the potential benefits in checking inflation.

Eckstein says the computerized economic "model" operated by his forecasting firm, Data Resources, Inc., demonstrates the dangers of relying heavily on monetary and fiscal restraint. To slow inflation to 4 percent annually from the recent 12.6 percent, the computer estimates, the unemployment rate would have to rise from the current 5.2 percent to 8 percent and stay there two years.

That would be "overkill," Eckstein says, warning that "the financial system would collapse before we cracked inflation." The reasonable course would be to settle for slower progress against inflation to minimize the recession risks, he urges.

Administration officials disagree among themselves about the impact of budget restraint on inflation.

Treasury Secretary William E. Simon crusades for budget cuts as the heart of anti-inflation strategy. Roy L. Ash, director of the Office of Management and Budget, is skeptical about whether the planned $5 billion reduction can be achieved.

Ash, a rival of Simon, estimates that the cut if accomplished would trim only 0.1 percent from the inflation rate, although he concedes it would have psychological benefits.

The administration's ambivalent rhetoric raises questions about how resolutely Nixon will stick to restrictive policies.

Officials talk about "painful" adjustments, "slack" in the economy, and labor markets that are not too "tight." They are reluctant to translate these generalities into explicit consequences of restraint: business failures, sluggish economic growth, unemployment.

They avoid specifying whose favorite spending programs will be sacrificed to austerity, and they reject the idea of tax increases.

Spartan declarations are leavened with assurances that things will not be so bad.

Rush, pledging to avoid a recession, says the policy is "moderation not asceticism," and Simon emphasizes that "we're not talking about slamming on the brakes."

Nixon claims that "the worst (of inflation) is behind us."

"We've had enough of rhetoric—it's destroyed our credibility," a key policy-maker warns.

Officials admit they are not sure the present spirit of determination can be sustained—in the administration or in Congress—if inflation abates slightly or unemployment rises substantially.

Because the public now is outraged by inflation, Simon says, "I'm finding for the first time the political will (to stick to restraint). Let's see how long it lasts."

The Federal Reserve faces the most immediate pressures to relax its tight policies. Banks and businesses are encountering serious difficulties in raising needed cash. Many analysts are worried about widespread bankruptcies and even a money panic.

Chairman Burns pledges that the Federal Reserve will not permit a "liquidity crisis," but experts disagree on how close the money managers have moved to the brink. Burns'

tough talk suggests that he is prepared to take considerable risks before relenting. Burns, who is legally independent of the administration, favors cutting the budget $10 billion, double Nixon's target. The Federal Reserve is skeptical about the President's fortitude. Some administration officials have accused Burns of passing the buck for the Federal Reserve's past failures to control inflationary growth of credit.

Nixon's record of vacillation makes economists wonder whether he will waver again. He has shifted back and forth between "free market" policies and controls. As recently as February, he was talking about contingency plans to increase spending if the economy weakened.

Frederick V. Malek, deputy budget director, said then that the President would "bust the budget" if necessary to prevent a recession.

If the administration, Congress and the Federal Reserve waver, hard-liners fear that inflation will get almost completely out of control. Increased federal spending and easier credit might temporarily relieve financial tensions and boost the economy, but would only postpone the reckoning and make the shock worse, they warn.

Unless inflation is checked it will accelerate, these advocates of stringent policies say. They predict faster inflation would break down the financial system and bring a severe economic decline.

Milder measures, if taken in time, could have put the economy on a sound track, but now it is too late for easy remedies, Greenspan says, warning against further temporizing.

"Going back about a decade, we've adopted a plethora of short term crisis solutions," he says. "They have helped in the short term but created longer-term problems—and now we find ourselves in the longer term. I've always worried about what would happen when the books eventually were balanced."

Even resolute pursuit of Nixon's brand of moderately restrictive policies may not be adequate, according to some economists. They advise a harsher crackdown, even at the risk of recession.

Nobel economist Paul A. Samuelson of the Massachusetts Institute of Technology, and probably the majority of economists, reject this course as politically impractical.

The public no longer will accept high unemployment, Samuelson says, warning that excessively harsh policies would produce a backlash. "If you tighten money too much in the short term, political pressures will lead you to loosen money in the long term," he says.

Secretary Simon, too, argues that a recession must be avoided for strategic reasons, among others. If stringent policies push the economy into a recession, he says, it will be impossible to resist demands for stimulative fiscal and monetary policies, which would aggravate inflation.

Sidney L. Jones, Rush's deputy, notes the risks of frequent shifts of policy, whether toward ease or restraint. A steady course is best, he says, because "if you combine volatile policies with volatile events, you really get chaos."

International disruptions created by high oil prices are a growing influence on the domestic economic policies of the United States and other countries.

Faced with huge increases in payments for oil, many countries are compelled to reduce imports of other goods. At the same time, a natural response is to push hard to sell exports in order to earn the money to pay for imports.

This could lead to import barriers, export subsidies and trade wars of the kind that deepened the Depression of the 1930s.

In addition, there is an incentive to adopt tight fiscal and monetary policies. By suppressing the public's spending power, governments can hold down demands for imports and make more domestic production available for export.

Aggressive trade practices and restrictive domestic policies could lead to a cumulative, spreading world recession.

"That could happen if each country acted as if it were alone," Chairman Herbert Stein of the Council of Economic Advisers acknowledges. However, he says, there is every indication that the dangers are understood and international cooperation will prevail.

It would be self-defeating for all the oil-importing countries simultaneously to curb imports and spur exports in an effort to offset payments for petroleum. Instead, there is broad agreement in principle that most oil-importing countries must accept trade deficits and borrow to cover the gap.

Leading industrial countries have pledged formally to avoid new trade restrictions that would alleviate their oil payments problems at the expense of other nations.

Most of them have adopted restrictive economic policies to curb domestic inflation. But the restraints generally are moderate, which minimizes the risk of worldwide stagnation—but also may impede the international campaign against inflation.

U.S. FOREIGN POLICY IN A CHANGING PACIFIC AND ASIA

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "U.S. Foreign Policy in a Changing Pacific and Asia," which was published in the Pacific Community, volume 5, No. 4, July 1974.

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

[From Pacific Community vol. 5, July 1974]

U.S. FOREIGN POLICY IN A CHANGING PACIFIC AND ASIA

(By Mike Mansfield)

I. THE NIXON VISIT TO CHINA—A TURNING POINT

The first half of this decade has witnessed a fundamental transformation in the foreign policy of the United States. Within the short span of five years, there has been an appreciable move away from the role of anti-communist centurion in Asia, toward a more subtle and meaningful relationship with the peoples of that vast continent. Beyond any other single act, President Nixon's visit to the People's Republic of China symbolized this change. The euphoria of discussions, banquets and toasts in Peking enveloped the policy of boycott, isolation and ostracism of communist nations which had dominated U.S.-Asian relations for two long decades. Of course, the accumulation of suspicion and distrust did not disappear in a moment. Nevertheless, the President's visit marked the end of the Cold War. To be sure, there will be twists and turns in U.S. policy in the future which no one can now predict. The basic direction, however, is and will remain one of expanding contacts with China and on both the governmental and personal levels.

The ramifications of the turn in Sino-U.S. relations are seen elsewhere in Asia. There is a direct relationship, for example, between the new China policy and the reduction of the level of American military involvement in Southeast Asia. Troop withdrawal from Viet Nam was a powerful signal to the Chinese leadership that U.S. policies, henceforth, would constitute no clear and present danger to China's security. It is notable, too, that during the South Vietnamese incursion into southern Laos in February–March 1971, U.S. officials were at pains to assure Peking that the move would pose no threat to China. Even before that time, moreover, the United States had moved to reduce the presence of the Seventh Fleet in the Taiwan Straits to an infrequent patrol. In 1971, too, this nation agreed to remove nuclear weapons from Okinawa. Shortly before the President's trip to China, the United States recalled two bombers from Taiwan which were especially equipped to carry nuclear weapons. Finally, by agreeing to the "five principles of peaceful co-existence," as proposed by the People's Republic, President Nixon made a gesture at the conclusion of his visit to China which was designed to lay at rest any lingering concerns over the U.S. presence in Asia.

II. IMPACT ON JAPAN

Japan has been affected deeply by the new U.S. policy toward the People's Republic. The change came suddenly and on the heels of the earlier shock of revisions in U.S. trade and monetary policies. These two considerations brought a realization that the old relationship with the United States would no longer suffice. A new role in Asia was in order if Japan's interests were not to be lost in the rapidly changing scene. As seen from the United States, the transition in U.S. policies has had a counterpart in the emergence of a more independent Japanese foreign policy. It is a policy, as we see it, which holds the two nations together with the adhesive of the Defense Alliance but also opens the way to more vigorous Japanese initiatives in the economic and diplomatic field. Thus, for example, Japan leap-frogged the Nixon visit to China by moving directly into the establishment of full diplomatic relations with that nation while this nation remained in an ambiguous position with regard to Taiwan. Also to be noted in this connection is the independent Japanese approach to the Arab-Israeli dispute, and the increasing indications that Japan is determined, with or without U.S. participation, to reach agreement with the Soviet Union on the joint development of energy and other resources in Soviet Asia.

III. EFFECT ON TAIWAN AND SOUTH KOREA

Insofar as Taiwan and South Korea are concerned, U.S. policies before the change had been cast in the severest terms of the Cold War and were supported by the most militant anti-communist governments in Asia. In Korea, the United States went so far as to fight a bloody war with Chinese troops for nearly three years in a manifestation of a determination to stop communism. Twice in the 1950s, confrontations in the Taiwan area almost produced additional Sino-U.S. hostilities.

The shift in U.S.-China policy has left Taiwan and South Korea in a kind of international limbo. Korea's position today and the special relationship which is maintained by the United States with that country can hardly be described, as in the past, in terms of the threat of Soviet or Chinese Communist aggression. Rather, there is in Seoul merely one Korean government controlling a segment of the peninsula and competing with another to the north for influence with the Korean people. The talk of "liberation," either way, is replaced by calls for reconciliation.

At one time, the Taiwan government looked toward the day of the triumphant return of anti-communist forces to the Chinese mainland with the support of the United States. Today, Taiwan is a regime which administers a prosperous region with fifteen million inhabitants while still claiming to rule 800 million Chinese with whom it has had little contact since 1949. Over the years, the People's Republic and Taiwan have drifted far apart and the reality is that the former, not the latter, is in the mainstream of Chinese history.

In the circumstances, U.S. relations with Korea and Taiwan, especially with regard to defense commitments, have lost much of

their original rationale.[1] The United States can no longer base its support of Taiwan on the legitimacy of the Nationalist Government. Indeed, it has already extended *de facto* diplomatic recognition to the People's Republic of China through acceptance of the latter in the United Nations and by agreeing to the establishment of liaison offices in Washington and Peking. As for the commitment in Korea, it can scarcely be justified on the grounds of a threat of aggression by "monolithic international communism" in the Far East as it was twenty years ago. Even less can it be described as a support for the position of the United Nations which appears to have lost interest in the situation years ago.

The U.S. military position in Korea and Taiwan has already been altered in a substantial fashion. Twenty thousand American troops left Korea in 1971, and sentiment exists in Congress for further cutbacks. In the 1972 Shanghai Communiqué, President Nixon committed the United States to the eventual withdrawal of all U.S. military personnel from Taiwan while acknowledging Chinese claims to the island. These changes combined with military reductions in Southeast Asia, alter drastically the U.S. position throughout Asia and the Western Pacific.

IV. CHANGING APPROACHES IN AID, TRADING AND DIPLOMACY

The changing U.S. role also is reflected in aid programs. For many years, Washington viewed assistance primarily through the eyes of the Cold War. It was regarded as a weapon in the struggle to preserve the independence of Asian countries from Chinese-inspired aggression and, thus, a source of security and stability in many cases it was tied to counter-insurgency and other defense-related activities.

This type of aid is still a significant part of the U.S. aid program, notably in Southeast Asia. In the last few years, however, new concepts have emerged with a broader vision of the situation in Asia and the Western Pacific. International organizations such as the Asian Development Bank and the Inter-Governmental Group on Indonesia, in both of which the United States participates, are developing significant programs for Asian countries, and administering multilateral aid funds. With strong U.S. support, emphasis is being given to problems of agriculture, economic development, population, health, and education, and to other humanitarian and social questions by these organizations. As multilateral assistance programs grow, bilateral U.S. activities are declining.

New patterns of trade also are emerging in the Western Pacific and Asia. For years, bilateral commerce between Japan and the United States dominated the scene. Today, Japan has expanding commercial ties with the Asian mainland and the island nations to the south. It has replaced the United States as the leading source of imports and capital from this region and also is the leading consumer of its exported products. The energy crisis, as indicated previously, has compelled an intense examination of the possibilities for Japanese trade with and investment in Soviet Asia. On the other side of the coin, U.S. trade with the People's Republic of China has grown, from practically zero in 1971 to $753 million in 1973.[2] It is also interesting to note the intention of the Chinese to develop their petroleum resources which are reported to be very extensive. It may well be that within the next decade China will emerge as an oil-exporting nation of the first rank in Asia.

Another area of change is to be found in the movement toward new diplomatic and security arrangements. Among the ASEAN countries and in the Kuala Lumpur Declaration of 1971, there is a call for a neutralization of Southeast Asia which would be guaranteed by the major powers. Regionalism has also developed an increased impetus, as non-communist Asia has begun to realize the need for a prompt normalization of relations with the communist states. Thus, the militant anti-communist Southeast Asia Treaty Organization has declined in importance. North Korea and South Korea are engaged in intermittent negotiations on unity. South Korea is making efforts to establish contacts with the Soviet Union and China. Diplomatic and commercial relations between Japan and China have expanded. Philippine trade has begun with the People's Republic of China and with the countries of Eastern Europe and contacts are growing between Thailand and Malaysia on the one hand and the People's Republic of China on the other.

V. U.S. POLICY BEFORE THE NIXON VISIT

The new era of renewed amity which began officially with President Nixon's visit follows a procession of shifts in U.S. policy on China. There was, first, the "special relationship" of close cooperation during the years of World War II and immediately thereafter. Then came the time of grim hostility after the creation of the People's Republic. That was followed, after the Moscow-Peking schism of the '60s, by a period of acquiescence in the Peking government's existence.

These same years have seen a transformation in U.S. attitudes toward Japan. As viewed from the United States, the Japanese have evolved from a militant foe of World War II, to an occupied and devastated nation, to a quasi-dependent partner in resistance to communist aggression, to a great independent power. Japan is regarded today as both a principal trading partner and a major economic rival.[3] As might be expected, the popular reactions are a mixture of enthusiasm and anxiety.

As for Southeast Asia, the region became the focal point for the U.S. anti-communist crusade after the Korean War. It was to prove to be the last crusade in Asia but before it was over, a half-a-million men had been committed to the Vietnamese war at a cost of tens of thousands of casualties and hundreds of billions of dollars. This bitter experience came to an end two decades later, with the final withdrawal of U.S. forces from Indochina in 1973. Actually, the emphasis in U.S. policy in Southeast Asia had begun to change as early as 1968 with the shock of the Tet Offensive in South Viet Nam. Thereafter, in the United States, the dominant themes of policy were to get out of Viet Nam, to leave the settlement of political problems to local parties, and to avoid similar involvements in the future.

Translated into diplomacy, this change of attitude made increasingly respectable the concept of neutralization of Indochina. That was a far cry from the position of John Foster Dulles in the first Geneva Conference of 1954. The Cold War rhetoric of "Massive Retaliation" of the 1950s and the doctrines of "flexible response" and "counterinsurgency" of the 1960s were replaced by the Nixon Doctrine of low profile. To be sure, U.S. military aid remains a factor in the situation and vestiges of earlier military deployment remain in Southeast Asia but these are of declining importance. The United States is no longer engaged in combat anywhere in Asia and a Congressional directive now forbids military reengagement in Indochina.

U.S. polices toward Korea and Taiwan still retain some characteristics of the Cold War. There are lingering emotional commitments which grow out of the alliance with Chiang Kai-shek during World War II and the direct involvement of the United States in the Korean War. However, the United States has extricated itself from direct participation in the politics of these places and is on the road to complete withdrawal from their internal affairs.[4]

VI. PROSPECTS IN THE PEOPLE'S REPUBLIC OF CHINA

The new era in U.S. policy corresponds to major changes in the Western Pacific and Asia. If the prospects for the future depend, in part, on the United States, they depend even more on what transpires inside the nations of the region and how it is reflected in their foreign policies.

The new China, it seems to me, is likely to remain largely inwardlooking in its policies. The impressions of a visit to China in 1972 are those of a self-disciplined, efficiently organized, dynamic and energetic people. The worst aspects of pre-1949 China—starvation, pestilence, war-lordism, lack of education, the absence of shelter for millions, indifference to human suffering, inflation and callous economic exploitation—have long since been eliminated. In every aspect of society, the indications are that China is being rebuilt on the basis of a new egalitarianism as exemplified by Chairman Mao's dictum "serve the people." China is creating a modern society on the foundations of an ancient culture. It is a society which already offers a livable present and a decent hope for the future. The new China is preoccupied with peaceful purposes and in particular with the massive problems of feeding, clothing and sheltering and educating 800 million people. Unless provoked, that is likely to remain the preoccupation of the People's Republic for a long time to come.

China's foreign policy has been structured, primarily, for defense and security. Since the Korean War, Chinese troops have fought only for what the Chinese have considered to be their own territory,[5] as traditionally defined, not only by the government in Peking but by the Chinese leadership on Taiwan. To be sure, China's influence is expanding in Asia and elsewhere. It is doing so, however, not on the basis of bayonets but by the pursuit of

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[1] The U.S.-Republic of China Mutual Defense Treaty states that "Each Party recognizes that an armed attack in the West Pacific Area directed against the territories of either of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional process." The U.S.-Republic of Korea Mutual Defense Treaty contains similar language: "Each Party recognizes that an armed attack in the Pacific area on either of the Parties in territories now under their respective administrative control, or hereafter recognized by one of the Parties as lawfully brought under the administrative control of the other, would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes."

[2] U.S. Department of Commerce. "U.S. Foreign Trade: Highlights of Exports and Imports," December 1973, Washington, U.S. Govt. Print. Off. 1973: 45,88.

[3] U.S. Department of Commerce. "U.S. Foreign Trade: Highlights of Exports and Imports," December 1973, p. 45, 88 U.S.-Japan trade for 1973 totaled $17.9 billion. U.S. exports to Japan were valued at $8.3 billion, and U.S. imports from Japan totaled $9.6 billion.

[4] President Nixon stated in the Shanghai Communique that "It (the United States) reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves." The Administration's position on Korean reunification is that it should be negotiated by North and South Korean through the North-South talks.

[5] China's recent seizure of the Paracel Islands, for example, was a case of China acting to enforce a long-held claim to the islands based on substantial historical precedent.

low-cost and low-key policies and a growing international commerce. Chinese actions have been consistently cautious and restrained and have reflected an alertness to the realities of present international situation.

The current attitude of the People's Republic of China toward the United States, Japan, and the Soviet Union stems not only from the primary concern for security and defense but also from a prudent readiness to expand mutually beneficial contacts with the rest of the world. For over two decades, the People's Republic viewed U.S. commitments, troops, and nuclear weapons in Asia as the principal threat to its existence. That is no longer the case. A growing concern regarding the Soviet Union has diluted this fear.

Chinese wartime memories and ideological economic interpretation stir some concerns over a possible revival of Japanese militarism. Peking also has reservations about the implications of economic collaboration between the Soviet Union and Japan in Soviet Asia. Nevertheless, it should be noted that the Chinese rapprochement with Japan is further advanced than with any other country and Sino-Japanese trade and exchange of persons are extensive and growing.

Overshadowing all other considerations, it is the Soviet Union that is seen as the major threat to China's security and defense at this time. Soviet divisions along the northern and western borders, a growing Soviet naval strength in the Western Pacific, Soviet efforts to establish a "collective security system" in Asia, all suggest to China, encirclement and isolation. Against the possibility of sudden attack, the cities of China have been catacombed with tunnels and China's military technology has been expanded to include nuclear missiles capable of reaching European Russia.

Current Sino-Soviet problems run contrary to the many encouraging trends toward a stable peace which have emerged in Asia and the Pacific. The dispute is deep-seated, with territorial claims, ideological differences, cultural conflicts, and a sense of being short-changed during the early period of Sino-Soviet economic collaboration all contributing to the tensions. Regrettably, an end to Sino-Soviet hostility does not appear to be in sight, at least, in the years immediately ahead.

VII. CONTEMPORARY JAPAN

Japan has emerged as a modern, democratic state and the major economic power of Asia and the Western Pacific. The Japanese "economic miracle" was no miracle at all. It was the result of the high technological and educational levels of the Japanese people, their organizational skills, their determination to recover from the war, and the hard work and cooperation with which they went about this task. To these basic factors was added a blend of effective government planning, a vigorous entrepreneurial system and, in the early years, a major assist of aid from the United States. The present dynamic economy plus an enlightened press, free and spirited public debate, a viable political system and competition among the parties results in a democracy that seems to work about as effectively as any in the world.

As seen from the United States, Japanese foreign policy is going through a period of soul-searching. Two events have been of particular importance in this connection: the "Nixon shocks" of 1971, as already noted, and the anti-Japanese riots during Prime Minister Tanaka's visit to Southeast Asia in January 1974. These developments suggest that it would be imprudent to assume that the final word has been registered on the U.S.-Japan Security Treaty or on the continuance of U.S. bases in Japan and Okinawa to support American military operations elsewhere. In a similar fashion, Japan also can be expected, it seems to me, to undertake, increasingly, major economic policies independent of the United States, as it has already done with regard to the Middle East and China and is in the process of doing in regard to Soviet Asia. Some of these initiatives may result in "shocks" for the United States but they need not weaken the ties between the two nations if they are seen against the background of Japan's essential needs and in the larger context of continuing common interests. On the fundamental issue of peace and security in the Western Pacific and flourishing world trade, Japanese and American interests are not in conflict and should not be permitted to drift into conflict.

Understandably, Japanese policy toward the rest of Asia has aimed at gaining wide access to markets and raw materials. This will always be a critical consideration to a nation that depends so greatly on foreign trade. But the anti-Japanese riots of January 1974 in Southeast Asia demonstrated the necessity for Japan to rethink some of the policies and methods that have been employed in this connection. Robert McNamara of the World Bank and others have pointed out that most Japanese economic aid has consisted of export credits or direct investment closely tied to commercial interests and profits. The Government of Japan has been urged to grant more liberal repayment terms on aid-loans, and it has been suggested that Japanese investors be more conscious of their responsibilities to help provide employment and improve living standards in the country of investment. Whether or not this course is the answer to the January riots, the problem of maintaining a vigorous trade without alienating the poorer countries of Asia represents a major foreign policy challenge for Japan in the years ahead.

This particular question is not directly involved in Japan's trade with the People's Republic of China. While the latter identifies with the poorer countries, the fact is that the level of self-confidence and economic competence in China is already high and is rising rapidly. More to the point, therefore, is the potential for Japanese-Chinese economic rivalry in the years ahead. In addition, there are potential problems in the off-shore areas around the islands of the East and South China Seas which are reported to be rich in petroleum. The difficulties of remaining neutral in the Sino-Soviet dispute also pose a dilemma for Japan whose peace and long-range economic welfare depend on the maintenance of good relations with both great neighbors.

VIII. TAIWAN AND SOUTH KOREA IN LIMBO

Taiwan and South Korea also face a future of uncertainties. It is doubtful that the status quo can be maintained for very long in Taiwan. In the end, only two paths are open, a drift toward separatism or a move toward an accommodation with the mainland, possibly in the form of an autonomous arrangement. Whatever Taiwan's future, it will not be decided by the government and people of the island alone. Insofar as the United States is concerned, present policy recognizes the island as Chinese but the question of reconciling that recognition with the maintenance of relations with two Chinese governments has yet to be faced. Sooner or later, the United States will confront the inevitable choice.

Korea, too, may not be able to remain indefinitely in the status quo of militant ideological division. Unlike Taiwan, however, some hesitant steps have been taken by the Koreans to deal with the anomalous situation. South Korea has tried to establish contact with the Soviet Union and China. There also have been North-South talks which, at least, keep alive the possibility of rapprochement. The problem is complicated by political difficulties within South Korea of the kind which were manifested in the Kim Dae Jung affair. Unless political pressures are mitigated within South Korea and progress can be made in the direction of reconciliation with the North, Korea will remain dangerous focal point of potential conflict.

IX. THE UNITED STATES AND THE FUTURE

This much is certain, with regard to the future role of the United States in Asia and the Western Pacific. The incessant warfare, cold and hot, during the past twenty-five years has been progressively wearing on the people of the United States. In the early 1960s, millions of Americans still believed that the United States should shoulder any burden to resist totalitarianism everywhere and to bring freedom and social progress to the peoples of the world. Viet Nam damaged these ideological beliefs and shifted the practical concerns of Americans inward to the severe domestic problems and conflicts which rose to the surface out of the churning of the war. Indeed, the Vietnamese conflict, with its devastating psychological, financial, and social effects, proved to be the catalyst for a severe disenchantment will al aspects of foreign policy.

Today, policies with regard to national defense and foreign aid reflect these new trends in American sentiment. Many members of Congress have come to support reductions in defense expenditures, especially with regard to U.S. troops and bases overseas. Congress gave a recent display of a much more critical attitude toward foreign aid when the House of Representatives voted down a new contribution to the International Development Association, the "soft loan" affiliate of the International Bank. The House, also in April 1974, defeated decisively an Administration request to raise the ceiling on military assistance to South Viet Nam in Fiscal Year 1974.

In the present American mood, proposals for economic self-sufficiency and autarchy have gained a better reception in the United States than at any time since the great depression of the 1930. The Arab oil embargo, of course, heightened this tendency. Long-range national policies now look to self-sufficiency in energy. Pressures also are present for restrictions on exports of basic commodities. Labor unions and other organizations are lobbying in Congress for severe limits on foreign imports that compete with American-made products.

These trends in public opinion which are reflected in the Congress have helped to bring about some desirable curtailments in the over-extensions of U.S. policy, but they also present new dangers. There is, for example, a danger of going from the extreme of a tragic military intervention in Indochina to the extreme of indifference and a disinterest in what transpires in Asia. The fact is that the United States has a permanent concern in the Western Pacific, not to speak of a vital interest in international peace. Both demand a continuing awareness of what takes place in Asia and appropriate responses to developments. An excessive economic nationalism, for example, could threaten the very foundation of the link with Japan. The denial of U.S. markets to Japan or the suspension of agricultural sales could result in a complete reshaping of the relationship between Japan and the United States to the detriment of both nations.

A valid U.S. policy must adjust to the changing conditions in Asia as well as to pressures from within the Unted States. It should remain and, I believe it can remain, however, a positive policy. The alternative to military containment and military preeminence need not be non-involvement and disinterest. A contraction of U.S. military forces, for example, can be accompanied by a creative diplomacy designed to build a new structure of peace based on conciliation, negotiation and a growing volume of multilateral economic interchange.

In this connection, the United States can make every effort to keep open its markets to the whole range of exports of the nations of the Western Pacific within the context of its own needs. While it is proper for the United States to continue to urge Japan to reduce its barriers to U.S. exports and for Japan to seek to open wider markets in the United States, this should not be done in either case under threat of economic retaliation or political reprisal.

As for the less developed countries of East Asia, more emphasis can be given to multilaterial aid arrangements along the lines of the Inter-Governmental Group on Indonesia and the Asian Development Bank, and possibly through United Nations organizations. The Soviet Union and China can be invited to participate in constructive programs of this kind.

At one time, it was the policy of the United States to stimulate the flow of private foreign investment in a random fashion. Various guarantees and incentives were offered for this purpose. It seems to me that in present circumstances, this policy must be reexamined. Excessively stimulated investment abroad is not only distortive of the flow of capital, it does not correspond to current problems and needs within the United States. Moreover, when capital is stimulated to move into Southeast Asia or Taiwan or Korea, it tends to contribute to the perpetuation of military commitments when such commitments are not longer essential or even desirable in terms of the security of the region or of the United States. This problem is actively under examination in the U.S. Senate at the present time.

In military matters, the continued contraction of deployments in Asia seems to me to be a very proper course for the United States in present circumstances. These forces are, in large part, a luxurious anachronism of Cold War policies. They can be substantially reduced and, in some cases, removed entirely. Many of the U.S. military installations in Japan, for example, serve a marginal military purpose at best, and sometimes their presence seems only to stimulate anti-U.S. attitudes among the populace. The whole complex should be reexamined and, by mutual agreement, sharply curtailed.

Expensive military assistance programs, involving hundreds of millions of dollars, are in the same category. All too often arms and equipment have been given to countries under a Cold War policy which has ceased to be relevant to the current situation. Nor should any U.S. defense treaty escape reexamination to determine whether or not it is still relevant to the needs of the 1970s. The defense treaty with the Republic of China on Taiwan, with Korea and with SEATO, in particular, may well have to be examined in connection with the contraction of the American military involvement in Asia and the Western Pacific and the normalization of relations in the region.

A new diplomacy for Asia and the Western Pacific must be based on the realization that "local" problems, more often than not, are also international in their ramifications, affecting not only the immediate parties but also, as in Indochina, at least four major powers: the United States, Japan, China, and the Soviet Union. Without the participation of these nations, it is doubtful that there can be a satisfactory resolution of the problems which are confronted in Viet Nam and also in Korea.

To deal not only with specific questions of this kind, but with the security problems which will emerge with the reduction of U.S. military power in Asia and the Western Pacific will require new negotiating forums. It seems to me that a quadripartite group in the Western Pacific, consisting of China, the Soviet Union, Japan and the United States, buttressed by the other states of the region, would be appropriate for the examination of such concepts as nonaggression pacts, mutually agreed upon military withdrawals, limitation of naval armaments in Asian waters, and nuclear testing and stockpiling in Asia. It might also facilitate a common response to proposals for a neutralized Southeast Asia and, perhaps, a neutralized Korea. In my judgment, there are possibilities of progress on matters of this kind, provided the United States, Japan, China, and the Soviet Union will work together and with other nations in pursuit of a stable peace and the well-being of the peoples of the region.

CYPRUS

Mr. MANSFIELD. Mr. President, for almost a week now difficulties have arisen in the Aegean Sea area which are affecting the future of the Republic of Cyprus and NATO's southern flank. I commend the efforts of President Nixon, Secretary Kissinger, and Under Secretary Sisco in trying to bring about some degree of order out of the chaotic situation which has developed there.

I am glad to learn that both Greece and Turkey have indicated that they would abide by the cease-fire resolution passed by the United Nations on Saturday last.

I am glad to note also that there has been no indication whatsoever of U.S. intervention, or U.S. interference. I hope that we will do what we can in a secondary position diplomatically and on the basis of advice asked for and given.

Independent Cyprus was set up in 1960 under a constitution which guaranteed its independence, and the guarantors were to be the United Kingdom, Greece, and Turkey. It provided for a Cypriot President representing a majority on the island, and a Turkish Vice President representing the minority.

It is imperative that constitutional government be restored, because otherwise, in my opinion, it is safe to assume that war will develop on a far larger scale than has been the case to date between Turkey and Greece.

That would mean, of course, that the southern flank of NATO would be weakened that much further. In many respects, because of its proximity to the Middle East and to the Soviet Union, that is the most important flank of all.

If it has no strength, if it has no community of interest, if it has no continuity, it will be of little value to the North Atlantic Treaty Organization.

The fault of the outbreak lies with the Colonel's Cabal in Athens, and it is an attempt, I believe, on the part of a government with which we have close relations, unfortunately, to bring about the takeover of Cyrpus and to achieve enosis, or union with Greece.

The reaction of the Turkish Government was unfortunate and unexpected, but it was a reaction to an action, and it is because of that that Cyprus finds itself in the position which it is in today.

The United States, as I have indicated, ought to work closely with the three guarantors of the independence of Cyprus—the United Kingdom, Turkey, and Greece—and also with the members of the NATO Alliance headquarters in Brussels and the U.N. Security Council. We should not take the lead. We should not become involved. And we ought to give the most serious consideration to the suspension of military and economic aid to that area until, and unless this question is settled on the basis of the Constitution drawn up in 1960.

I hope, Mr. President, that the result, which seems to be optimistic at this time, continues so, and that before too long this matter will be settled, and that constitutional government will be returned to the Republic of Cyprus. In that way a degree of peace and stability can be restored to that most unstable area.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania, the distinguished minority leader (Mr. HUGH SCOTT) is recognized.

Mr. HUGH SCOTT. Mr. President, the diplomatic skill of the President, the Secretary of State, and the Under Secretary of State, has again brought about a relaxation of tensions in a dangerous part of the world.

Once again it has been done without any intervention on the part of U.S. forces, without a single American casualty, and without the expenditure of American arms or American aid, or American effort other than diplomatic.

This is a remarkable achievement in and of itself, and it is a part of the pattern of achievement in foreign policy established by this administration.

I will not attempt to fix any blame for the origin of the Cyprus war, because the evidence is not yet clear, but I think it is important that both Greece and Turkey have shown the restraint that they have which led to the cease-fire, of which I was apprised last night shortly before the plan was made to announce it.

I think it would be a most distressing development had our two NATO allies on the southern flank of NATO continued to engage in armed conflict.

These things have a way of spreading. They have a way of involving other countries and they are, in themselves, of terrible import whenever nations resort to the dread arbitrament of war.

I therefore, reflect, I am sure, the relief of the American people that a cease-fire has been agreed upon. I hope it will lead to the reestablishment of the Government of Cyprus and to its return to participation in the democratic process in the family of nations.

Mr. STENNIS. Mr. President, I want to highly commend the remarks of the Senator from Montana, the majority floor leader, as well as the remarks of the Senator from Pennsylvania, the minority floor leader, for what they have said about the situation in Cyprus.

I am not cognizant of all the facts, I am not trying to assess blame, but I wanted to express my appreciation for their approach and for what they said and also point out, Mr. President, I believe that the restraint that now appears evident by both Greece and Turkey comes about partly through the fact that they are members with us in the NATO alliance.

I think it is an illustration of the wisdom and the practical contribution that this alliance makes from time to time.

I certainly do not advocate military

intervention on our part in this situation, but the fact that we have had our diplomatic avenues open and really at work on this matter through the President, of course, and through Mr. Kissinger and Mr. Cisco, shows that we do have a part, we have a responsibility.

I am not in favor of running around looking for places to intervene or stick our nose into, if I may use that term, but we cannot escape the situation, we do have a responsibility, particularly in the Western World, and this is another instance of our contribution.

We are not trying to get into a diplomatic dominance position, nothing like that.

To the contrary, I think we are trying to be helpful and cooperative and I do feel that if we were not present in that area with ready military force, order would become necessary. If we were not present there with this military power, particularly with reference to the naval power, I think the situation would be far more serious and a settlement of it less likely.

I have thought for years that the main contribution, for instance, of our military, is the deterrent effect, the deterrent effect that it has if properly used with discretion, and this to my mind is another illustration of the contribution that has been made by the mere presence of our military force and power right there on the scene, but its use or nonuse is used with discretion.

I watch with others the developments here and hope for the best and believe that the matter will be settled.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. In compliance with the previous order, the Senator from Mississippi is now recognized for not to exceed 15 minutes.

(The remarks Senator STENNIS made at this point on the introduction of S. 3784, dealing with daylight saving time, are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

TRANSACTION OF ROUTINE MORNING BUSINESS

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

The Senator from Michigan is recognized.

A SPECIAL INTEREST PROTECTION BILL

Mr. GRIFFIN. Mr. President, in 1970 I supported a bill to create a consumer protection agency. Today I rise to register my opposition to S. 707, the bill now before the Senate, even though it bears a similar title and proclaims a similar purpose.

This is a different bill. Furthermore, the times and circumstances under which we consider it are very different.

Four years ago, concern about "consumerism" was just beginning to be felt in the American marketplace. Since then, the Congress, State legislatures, and city councils across the Nation have adopted a wide variety of measures and have established a multitude of agencies to protect the consumer.

Indeed, unless we pause soon to take stock and catch our breath in what has become a frantic political race to legislate more and more bureaucracies in the name of "consumerism", the consumer will be rightfully demanding a different kind of an agency to help him: a taxpayers' protection agency.

To mention just a few examples, Congress in recent years has enacted legislation to—

Establish strict emission controls and safety standards for automobiles;

Create a Consumer Product Safety Commission;

Empower the Federal Trade Commission to seek prompt injunctive relief against unfair or deceptive trade practices;

Direct the Department of Transportation to set damageability standards for automobiles;

Establish strict controls on water and air pollution as well as pesticides: and

Protect working consumers through the Occupational Safety and Health Act—OSHA.

Furthermore, during this 93d Congress the Senate has passed no-fault automobile insurance, a consumer warranty bill, as well as the Consumer Food Safety Act of 1974.

In many instances, agencies already in existence as well as newly created bureaucracies have not even had an opportunity to put into effect new authority and new programs which have been enacted. It does not make much sense at this point to create and superimpose still another agency, when so many new programs adopted in the name of consumerism are in their infancy, too young and underdeveloped even to be judged in terms of their effectiveness. Under such circumstances, to launch another superagency with the wide ranging, undefined powers contemplated in this bill would invite needless bureaucratic harassment at great cost to the taxpayer with minimum benefit for the consumer.

Despite its appealing title, the bill before us now falls far short of its declared purpose. Apparently, in order to pick up important political support and to avoid the outright opposition of powerful special interests, the drafters of this version of the legislation have exempted labor unions and the broadcast media from coverage.

In other words, the so-called Consumer Protection Agency would be empowered under the bill to intervene and speak for consumers in proceedings involving anyone else, such as farmers, businessmen or professional persons. But the Agency could not represent consumers in proceedings involving labor unions.

The ludicrous argument advanced to justify this situation is that labor-management relations are a private affair in which the consumer has no interest.

Indeed, when this aspect of the bill was debated on the Senate floor last Wednesday, a majority of the Senate voted to broaden further, rather than narrow, the exemption accorded to labor unions. Now, virtually 100 percent of labor union activities would be outside the reach of this legislation. Under these circumstances, I believe the title of the bill should be amended so as to appropriately rename it as an act to create a "Special Interest Protection Agency."

Interestingly, no special interest exemption for labor unions was included in the earlier version of the bill which passed the Senate in 1970, and which was considered again by the Senate in 1972.

Surely, no elaborate argument is necessary to demonstrate that labor union activities can have far-reaching effects upon the consumer. As the Washington Star-News aptly observed in a recent editorial:

> If labor affairs . . . don't affect consumers, what does?

Who will convince the consumer that he is not affected by high wage settlements and union-enforced featherbedding practices in the construction industry? The home buyer is caught in a double crunch these days as he faces high construction costs and high interest rates. As a matter of fact, in 1973 alone, construction costs for family homes went up 12 percent, compared with a 9 percent rise in the consumer price index.

If labor costs do not affect the consumer there would have been no point to the freeze on wages—as well as prices—in 1971, a decision that even union leaders conceded to be appropriate at the time.

Who can say consumers are unaffected when a labor union invokes a nationwide boycott—against lettuce or table grapes, for example? Of course, I am not contending that labor unions should not be allowed to engage in concerted activity to advance labor's interests. I am only saying that it is ridiculous to argue or suggest that consumer interests do not sometimes conflict with labor union interests.

It would be bad enough if the labor union exemption were the only special interest exemption carved into this version of the legislation. However, under section 17(e) of S. 707, the Consumer Protection Agency would also be precluded from representing consumers in any broadcast license renewal proceedings before the Federal Communications Commission. No such exemption was included in either the 1970 or 1972 bills.

Obviously, there can be no question about the impact of radio and television advertising on the American consumer, as evidenced by scores of public witnesses who appeared before the Senate Commerce Committee during recent hearings on license renewal legislation.

Ironically, while the consumer interest in license renewal proceedings has been minimized, the Commerce Committee report points to FCC cable television rulemaking proceedings as a matter "clearly within the scope of the Consumer Protection Agency's activities."

What seems even clearer, I suggest, is that some special interests are more

special than others. Apparently the principal advocates of S. 707 regard the exempted special interest groups to be more important than consumers.

Particularly in light of these developments which have transformed S. 707 into a hoax on the consumer, I shall oppose it; and I shall continue in the future, as I have in the past, to support and work for sound legislative measures which truly serve and represent the interests of American consumers.

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. McGEE. 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.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ERVIN, from the Committee on the Judiciary, without amendment:

S. 3684. A bill to secure to the Congress additional time in which to consider the proposed amendments to the Federal Rules of Criminal Procedure which the Chief Justice of the U.S. Supreme Court transmitted to the Congress on April 22, 1974 (additional views filed) (Rept. No. 93-1023).

H.R. 15461. An act to secure to the Congress additional time in which to consider the proposed amendments to the Federal Rules of Criminal Procedure which the Chief Justice of the U.S. Supreme Court transmitted to the Congress on April 22, 1974.

Mr. ERVIN. Mr. President, on behalf of the Committee on the Judiciary, I am filing the committee's report on S. 3684, a bill to secure to the Congress additional time in which to consider the proposed amendments to the Federal rules of criminal procedure which the Chief Justice of the U.S. Supreme Court transmitted to the Congress on April 22, 1974, and the companion bill already passed by the House of Representatives, H.R. 15461.

The Committee on the Judiciary recommends favorable action on this legislation.

Mr. President, I ask unanimous consent that the text of S. 3684 be printed in full at this point in the RECORD.

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

S. 3684

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of sections 3771 and 3772 of title 18 of the United States Code, the effective date of the proposed amendments to the Federal Rules of Criminal Procedure which are embraced by the order entered by the United States Supreme Court on April 22, 1974, and which were transmitted to the Congress by the Chief Justice on April 22, 1974, is postponed until August 1, 1975.

By Mr. STEVENSON, from the Committee on Banking, Housing and Urban Affairs:

S. 3792. An original bill to amend and extend the Export Administration Act of 1969 (Rept. No. 93-1024).

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

S. 2125. A bill to amend the act entitled "An act granting land to the city of Albuquerque for public purposes," approved June 9, 1906 (Rept. No. 93-1025).

AUTHORITY TO FILE REPORT ENTITLED "RUSSIAN GRAIN TRANSACTIONS"

Mr. JACKSON. Mr. President, I ask unanimous consent that the Committee on Government Operations be given until August 16, 1974, to file a report of its Permanent Subcommittee on Investigations. This report is entitled "Russian Grain Transactions."

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

AUTHORITY TO FILE CONFERENCE REPORT ON EDUCATION AMENDMENTS OF 1974

Mr. MANSFIELD. On behalf of the joint leadership, I ask unanimous consent that it be in order to file the conference report on H.R. 69, the elementary and secondary educational measure, from the conclusion of business today until the Senate convenes tomorrow. Whether or not it is going to happen, I do not know. I have been asked to make that request.

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

ORDER FOR STAR PRINT OF S. 3726

Mr. CURTIS. Mr. President, on July 8, I introduced S. 3726, a bill to amend the Food Stamp Act of 1964, as amended, and for other purposes. Section 1 was not included in the text of the bill as printed in the RECORD, and I ask unanimous consent that the permanent record be corrected to include section 1.

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

Mr. CURTIS. Also, Mr. President, the bill as printed contains only section 1 of S. 3726. I ask unanimous consent that a new print be made of S. 3726 to include the additional sections 2 through 7 as printed on pages 22233 and 22234 of the RECORD dated July 8, 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. STENNIS:

S. 3784. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974. Referred to the Committee on Commerce.

By Mr. HELMS:

S. 3785. A bill for the relief of Mr. Bienvenido L. Mendoza. Referred to the Committee on the Judiciary.

By Mr. GOLDWATER:

S. 3786. A bill to provide tax relief for condominium owners and homeowners' associations. Referred to the Committee on Finance.

By Mr. JACKSON:

S. 3787. A bill to amend the Internal Revenue Code of 1954 to provide that the gross income of an employee shall not include amounts directly or indirectly received as payment or reimbursement for legal services under group legal service plans, the value of legal services rendered under such plans, or contributions by employers to such plans. Referred to the Committee on Finance.

By Mr. MAGNUSON:

S. 3788. A bill to amend section 311(a) of title 37, United States Code, relating to continuation pay for physicians and dentists who extend their active duty obligations. Referred to the Committee on Armed Services.

By Mr. MAGNUSON:

S. 3789. A bill to promote conservation of energy resources, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. WEICKER:

S. 3790. A bill to provide a means for compensating U.S. air carriers for excessive or discriminatory airport landing fees charged such carrier in a foreign country. Referred to the Committee on Commerce.

By Mr. BIDEN:

S. 3791. A bill to amend the Public Works and Economic Development Act of 1965 in order to assist industry and employees in complying with environmental protection programs. Referred to the Committee on Public Works.

By Mr. STEVENSON, from the Committee on Banking, Housing and Urban Affairs:

S. 3792. An original bill to amend and extend the Export Administration Act of 1969. Placed on calendar.

By Mr. THURMOND:

S. 3793. A bill to provide for emergency increases in the support level for the 1974 crop of flue-cured tobacco. Referred to the Committee on Agriculture and Forestry.

By Mr. BARTLETT:

S.J. Res. 226. A joint resolution proposing an amendment to the Constitution of the United States to establish maximum age limit for Federal judges. Referred to the Committee on the Judiciary.

By Mr. HUGH SCOTT (for himself and Mr. MANSFIELD):

S.J. Res. 227. A joint resolution designating Monday, February 10, 1975, as a day of salute to America's hospitalized veterans. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STENNIS:

S. 3784. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974. Referred to the Committee on Commerce.

Mr. STENNIS. Mr. President, on the 6th day of last January the Nation was placed on daylight saving time. Normally, of course, this would not have occurred until the last Sunday in April.

This came about, it will be recalled, as a result of the oil crisis. Congress passed the Emergency Daylight Saving Time Energy Conservation Act, which was signed December 15, 1973, and became effective on the fourth Sunday thereafter.

The reason for enactment of this law was that it was an effort to conserve energy. How much energy would be saved was speculative, as little firm data was available because there had been no previous experience with winter daylight saving time.

It was known that there would be other effects, of course—disruptions to the normal ways of life, in schools, in the traffic situation, in radio broadcasting, and many other aspects. Here again it was known that these effects would exist, but their extent and their seriousness were difficult to evaluate in advance.

From January 6 to the last Sunday of April, however, the American people had an opportunity to evaluate for themselves the advantages and disadvantages of being on daylight saving time when they normally would have been on standard time. It is my opinion that for most citizens it is an experience that they do not want to repeat. I certainly hope that it will not be necessary for them to do so, but if the traumatic experience of winter daylight saving time is not to be repeated, it will be necessary for Congress to act during this session.

The Emergency Daylight Saving Time Act of 1973, as now written, is to expire on the last Sunday of April 1975. Thus, unless it is amended by Congress, there will be a full winter of daylight saving ahead for all Americans. The half winter we had this year, from January to April, was enough. I do not think we need another full winter to prove that it is a bad idea to keep the clocks moved an hour ahead, all year around, especially as there is no firm proof that any appreciable energy was actually saved through the winter months of daylight saving time.

Mr. President, today I am introducing a bill to amend the Emergency Daylight Saving Time Act so as to cause it to expire on the last Sunday of October 1974 instead of the last Sunday of April 1975. On the last Sunday of October we would then return to standard time, as usual, but would have 6 months of daylight saving time in the calendar year 1975.

The act of December 1973 prescribed that the Department of Transportation should evaluate the operation and the effects of the act, submitting an interim report by June 30, 1974, and a final report by June 30, 1975. The interim report has been submitted, as required. The report does not vigorously present or defend any one conclusion or point of view. The report is not decisive, does not give data strongly supporting the expectation that appreciable energy was saved. The report actually concludes that this coming winter we ought to modify the experiment and instead of changing all 6 months of standard time into daylight time, just change 2 months, and keep 4 months of the forthcoming winter on standard time. This, of course, would require legislative action. But I do not agree that we need to provide only 4 months of standard time. The fact of the case, I submit, overwhelmingly supports a 6-months-only period for daylight saving time.

Mr. President, I would like to see the interim report become the final report, and be the epitaph for the whole experiment of changing our old time system. I believe that hearings do thoroughly explore the report, the effects of the time change on American families, and the minor effects on energy consumption, will reveal that we can drop the whole experiment as a failure.

If for no other reason, this should be done for the sake of schoolchildren. Last winter they had to be up and out at the bus stop long before dawn, or they had to be walking to school in the dark, crossing streets in traffic when they could not easily be seen from oncoming cars. This simply should not be done to the children. Going to school in winter weather is difficult enough for a young child, without adding the darkness. I think parents agree with this. Many of them would like to drive their children to school, to spare them this experience of being out in the night, but, with working parents, this interferes with employment hours.

Someone has said, just change the morning hour of opening schools and closing them in the afternoon.

Mr. President, that conflicts with the hours of employment in the offices, in the factories, in the stores, with all the other avenues where most people have to work to make a living. Certainly, a shifting of the school hours is not a solution.

Mr. President, it is not long now until the school year begins. Let us insure that the children will not have to repeat the experiences of last winter.

Adequate hearings on this question that is of importance to every section of our economy and of our society will be held I am sure. The Senator from Washington, Mr. MAGNUSON, has assured me of this fact. I trust that the hearings can be held soon and the bill then readily enacted. There is not only a great need for a change in the law. There is also a demanding need to know far in advance of the last Sunday in October whether or not the change will occur. Therefore, I shall pursue this matter with vigor and urge others to do the same.

Mr. President, I ask unanimous consent that at this place in the RECORD there be printed a copy of this bill to which I have referred that I am today introducing.

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

S. 3784

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the Emergency Daylight Saving Time Energy Conservation Act of 1973 is amended by striking out "April 1975" and inserting in lieu thereof "October 1974."

Mr. STENNIS. Mr. President, let me reiterate here that this is not a matter that we should leave until the last moment.

School preparations and plans are being made now. Even industries are making plans for the winter. A great many enterprises, large offices, almost every segment down to the smallest of our economy, our social life, and our society as a whole are affected by this question. With each passing day it becomes more acute and more uncertain, and I think hearings will show that the facts are almost unanimously to the effect that only slight energy savings can be counted when the pluses and the minuses are measured and credited to this particular phase of our energy conservation program.

I hope that my colleagues will take notice of the calendar on this question, and manifest an interest that I believe is already in their minds and hearts on this very timely and highly important question of people who are entitled to know what change, if any, we are going to make.

By Mr. GOLDWATER:

S. 3786. A bill to provide tax relief for condominium owners and homeowner's associations. Referred to the Committee on Finance.

Mr. GOLDWATER. Mr. President, I am today introducing a bill to provide tax relief for condominium housing associations and community homeowner associations.

My bill would exempt from double taxation the membership contributions which are accumulated in reserve funds established by condominium and homeowner's associations to defray future maintenance and repair bills. Recent Internal Revenue Service rulings have held, in my opinion unjustly, that these reserve funds are subject to income tax at corporate tax levels.

Mr. President, the recent tax rulings are unfair. They discourage the setting aside of money for housing improvements and repair, and they impose a double tax on the money deposited with community housing associations by requiring that the members of the association collectively must pay a second higher tax when money, on which they have already paid individual income taxes, goes into the reserve.

The moneys in these reserve funds are used exclusively for the maintenance and repair of common buildings, grounds, and facilities of the associations, and these funds should not be taxed as if they were corporate profits.

In summary, the bill I am introducing today will correct this unfair situation in which condominium and homeowner associations are taxed on the dollars they use to meet future high-cost maintenance and repair bills relating to the common buildings, grounds, and facilities of the associations. I hope Congress will act promptly to correct the present unjust and unfair situation.

Mr. President, I ask unanimous consent that a copy of the bill I am introducing shall be placed in the RECORD.

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

S. 3786

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

"(20) A corporation, organization, or association, not organized for profit, the membership of which is comprised solely of the owners of residential units in a condominium or housing development, and—

"(A) which is operated exclusively for the management, operation, preservation, maintenance, and care (including preservation, maintenance, and care constituting capital expenditures) of the common areas and facilities of the condominium or housing development, and

"(B) no part of the net earnings of which inures to the benefit of any member (other than through the performance of the functions described in subparagraph (A)) or to any other person."

(b) The amendment made by subsection

(a) shall apply to taxable years ending on or after the date of the enactment of this Act.

By Mr. JACKSON:

S. 3787. A bill to amend the Internal Revenue Code of 1954 to provide that the gross income of an employee shall not include amounts directly or indirectly received as payment or reimbursement for legal services under group legal service plans, the value of legal services rendered under such plans, or contributions by employers to such plans. Referred to the Committee on Finance.

Mr. JACKSON. Mr. President, I am introducing legislation to amend the Internal Revenue Code to provide for an exclusion from gross income of the value of employer contributions to prepaid group legal services plans. The purpose of this bill is to provide further encouragement for the development of prepaid legal services plans which will efficiently and economically meet the challenge of delivering legal services to millions of low- and middle-income Americans who cannot now afford legal representation.

My legislation is modeled after sections 105 and 106 of the Internal Revenue Code which provide exclusions for medical expense reimbursement payments under accident-health plans and the value of premium payments under medical insurance plans. My bill would simply add to sections 105 and 106 an exclusion for reimbursement and premium payments for prepaid legal services plans.

Mr. President, I believe that there is a great unmet need to make legal services readily available to all of the American people. We are very proud in this Nation of our tradition of equal justice for every individual regardless of race, creed, or economic or socal status. We are duly proud that our Constitution and our entire political tradition requires that "due process" and "equal protection" of law be accorded to every person. That each man should receive "his due" is one of the great egalitarian values of our way of life.

However, aspirational ideals are only as real as the effectiveness of the mechanisms by which they are implemented. The reality of "equal justice under law" depends on the ability of our legal services delivery system to actually make the necessary services available to the millions of Americans who need legal assistance each year. It is in this area that more work must be done because the simple fact is that legal assistance is currently too expensive to be readily available to the vast majority of Americans. Obtaining legal services are now beyond the financial capability of approximately 70 percent of all Americans.

Legal representation is, of course, a constitutional right in criminal cases. Over the past half-century the courts have carefully developed constitutional standards for the availability of representation in criminal proceedings. Initially, representation was required only at trial in felony cases. However, the right of representation in criminal cases now includes pretrial and post-trial criminal proceedings and recently the court decided that representation is necessary in misdemeanor cases in which any jail sentence may be imposed.

State and local bar associations and governmental units have also adopted programs for making free legal services available to criminal defendents through the local bar. Eventually, "public defender" programs developed and have expanded in order to systematically provide expert legal counsel to criminal defendants.

Now in the civil area there is a growing movement to make access to the courts and the processes and protections of the law available to more and more people. This movement is spurred by the growing need of millions of Americans to seek legal assistance in an increasingly complex society. It is this problem that my legislation is directed at.

Of course, legal services have always been readily available to that segment of the population that can afford to pay for counsel under the traditional fee for service system of representation. However, until the last decade there has been little effort made to expand the population that is able to receive legal assistance with such important everyday problems as landlord tenant disputes, the purchase or sale of property, consumer protection actions, divorce settlements, the drawing of wills and so forth.

The most obvious improvement in the access of a previously unserved group to legal representation in civil cases was the establishment of the Federal Legal Services program in the early 1960's. I have always supported the Legal Services program because I believe in the importance of broadening access to the processes of justice through law. I further believe that the record of the past decade since the establishment of Legal Services has demonstrated both the need for this program and its effectiveness at meeting that need. The vast majority of the cases handled by Legal Services attorneys have been family law cases or other common but important disputes. These are matters which have a profound effect on the day to day lives and well-being of people.

Furthermore, there is no reason to believe that everyday legal problems are unique to the poor. The kind of problems that are regularly handled by Legal Services attorneys for free affect millions of other Americans who do not happen to qualify for free legal services assistance and cannot otherwise afford legal counsel. The American Bar Association estimates that roughly 140 million people or 70 percent of the population does not have access to the legal system at present. Efforts to meet these problems at the local, State, and Federal level have been indirect and piecemeal. Nevertheless, there is a growing awareness of the need for improvement in the legal services delivery system and a growing effort to meet the challenge of providing legal services to all Americans. Essential legal services are available to the rich and the poor; it is the millions of Americans who are neither rich nor poor who need help now.

Consider the following actions which have been taken and which are aimed at improving our system of delivering legal services by reducing cost and other barriers.

First. In the area of law reform both the Congress and various States are considering no-fault automobile insurance legislation. This legislation has arisen directly out of the high cost of legal assistance in settling automobile accident claims. Because the existing tort system is not meeting people's needs at a reasonable cost and with reasonable speed it is becoming necessary to take automobile accidents out of the tort system and replace it with a system of automatic compensation in all but very serious cases.

Similarly, the high cost of legal fees and closing costs involved in the purchase and sale of real estate has caused the Congress to consider legislation to put a limit on such fees and costs in certain cases—namely, S. 3164.

In addition, many States are considering law reform in such areas as providing for no-fault divorce in order to assure that the cost of obtaining legal services will not constitute a barrier against access to the legal system.

Second. Private organizations are increasingly providing legal representation for groups of people who have similar interests in particular issues. Consumer organizations, environmental groups, and other public interest organizations with specific interests are increasingly seeking to represent through class actions large numbers of people who could not otherwise obtain access to the courts.

Third. The spread of State consumer protection agencies with authority to investigate and prosecute actions on behalf of aggrieved individuals is another effort to assure that the average citizen's legal rights are not ignored simply because he is too small to fight such battles on his own.

Fourth. The FTC has undertaken an investigation of the common bar association practice of adopting minimum fee schedules and concluded that such arrangements may violate antitrust laws by keeping legal fees uncompetitive.

Fifth. The Senate Judiciary Committee has established a Subcommittee on Representation of Citizen Interests to examine "the quality and availability of legal services performed by the legal profession, to determine how efficiently, how universally, and how economically the needs of citizens for effective advocacy are being met."

All of these actions by private and governmental bodies at the local, State, and Federal level are designed to meet the need to give all Americans regardless of economic or social status access to our system of justice through law. I believe that this represents a growing and healthy recognition that legal needs are extremely important to the everyday well being of the average American.

However, none of these actions alone or together represents a change in the system of delivering legal services designed to bring more or less comprehensive legal services within the financial range of the average citizen. To accomplish this goal major changes in the present mode of marketing legal services must be effected.

In the late 1960's and the early 1970's various "prepaid" and "group" legal services plans modeled after plans in the health field came onto the scene. These plans offer the first realistic opportunity for providing a broad range of legal services to significant unserved segments of the population.

The prepaid legal field is just begin-

ning. It is still very experimental although a wide variety of plans have been launched and are in the offing. Data made available by the American Bar Association indicate that there are approximately 2,800 prepaid type plans providing a broad range of legal aid with personal problems. These plans represent organized groups and unaffiliated individuals. In addition to the various existing prepaid plans the American Bar Association reports that at least five insurance companies are now offering some form of prepaid legal coverage. If these prepaid plans are developed to their full potential they will make legal services available for the first time to the majority of Americans.

The Congress has already taken an important step to encourage the development of prepaid legal services with the passage last year of Public Law 93–95 amending the Labor-Management Relations Act to permit employer contributions to Union operated trust funds established to provide prepaid legal services for employees. This legislation removed a bar that existed under prior law and made it possible through the collective bargaining process to establish prepaid programs on a wide scale.

The bill I have introduced today would build on the base established by Public Law 93–95 by providing further Federal encouragement for the development of prepaid plans. If this bill is adopted reimbursement payments or premium contributions made under prepaid type plans would be excluded from the gross income of individuals receiving such payments or contributions through their employer.

This legislation will provide encouragement for the development of prepaid plans just as sections 105 and 106 provide encouragement for the development of employer-employee health insurance plans. I believe that the need and justification for such encouragement exists in the area of legal services now just as it was recognized to exist in the area of health care years ago.

Adoption of this legislation would be perfectly consistent with prior congressional actions in the area of broadening access to legal services. It will add impetus to the now burgeoning field of private prepaid legal services and legal insurance. It will help to make available to millions of Americans the protections which the law and our political tradition promises to everyone.

I am pleased to say that the American Bar Association has expressed support for this legislation along with many organizations affiliated with the National Consumer Center for Legal Services including the AFL–CIO. I am proud to have the support of these organizations for my bill and for the concept of making the promise of equal justice for all a little bit closer to reality.

By Mr. WEICKER:

S. 3790. A bill to provide a means for compensating U.S. air carriers for excessive or discriminatory airport landing fees charged such carrier in a foreign country. Referred to the Committee on Commerce.

EQUITY FOR INTERNATIONAL LANDING FEES

Mr. WEICKER. Mr. President, today I am introducing legislation to charge foreign aircraft landing in the U.S. fees that compensate for excessive or discriminatory landing fees levied by their country of origin on U.S. air carriers.

A study by the Civil Aeronautics Board on restrictive practices by foreign countries to favor their national air carriers noted the high level of landing charges encountered daily by U.S. carriers throughout the world. According to the report, U.S. carriers are charged in a Pacific country nearly 14 times those charged by the Los Angeles International Airport for comparable aircraft type and weight. European landing fees are more than twice those charged by New York's Kennedy International Airport.

Our airline industry and travelers must be treated equally with national carriers from other countries in order to compete effectively and enjoy equal benefits of air travel. The problem is best summarized by the CAB in the following statement:

> The United States basically has no quarrel with levels of landing charges set to recover costs. But it is another question when rates are designed to subsidize other airports—not used by U.S. carriers—in the system, or to meet unrealistic rates of return on assets.

A number of airports levy charges which bear no reasonable relationship to the cost of the facilities and services provided. These excessive, and often discriminatory charges place an undue burden on U.S. air carriers. Our Government must take positive steps to alleviate the economic hardship incurred by U.S. airlines.

The bill I have introduced would require the Secretary of Transportation to take action when he finds landing fees charged by foreign countries exceed comparable airport fees in the United States.

When the Secretary of Transportation makes such a finding, compensating fees will be levied on foreign carriers by the Secretary of the Treasury as a condition to the acceptance of the general declaration at the time of landing and take-off. These collected funds would be pooled in a special fund, established by the Secretary of Treasury, and appropriate payments would be paid from that separate account to compensate U.S. carriers for excessive or discriminatory fees charged in foreign countries.

I am aware the Senate Commerce Subcommittee on Aviation is presently holding hearings on S. 3481, proposed International Air Transportation Fair Competitive Practices Act.

My proposal differs from S. 3481 in two important ways. First, the Secretary of Transportation alone, without consultation with the Secretary of State, would be authorized to determine the amount of compensating fees. The issue is one of equity and economics, involving findings as to the economic disadvantage placed on U.S. airlines. The State Department has no role in such a determination. Second, this proposal focuses directly on the problem of landing fees.

This legislation calls for the U.S. Government to take decisive action in protecting the economic viability of our air carriers. They have suffered long enough. The time has come to rectify this intolerable situation. The inequitable treatment of our air carriers can be illustrated by an analysis of user charges between New York and London. The principal competition between these two cities is provided by TWA, Pan American, and British Airways. In New York, all three operate their own terminals with independent Federal inspection facilities maintained at each of these terminals. The cost experience, therefore, should be approximately the same for various charges at New York's Kennedy Airport. A comparison of the level of charges paid by British Airways landing in New York with those assessed against U.S. carriers operating into Heathrow Airport reveals the following extraordinary disparity. British Airways pays $291 to land a 747 at John F. Kennedy Airport in New York. They pay approximately $100 additional for aircraft related charges for a total of $391.

Heathrow in London is quite another story. Pan American and TWA must pay an $840 landing fee to bring a 747 into that airport. In addition, there is a $282 terminal air navigation facility charge, a $1,410 charge for use of loading bridges, and another $380 in passenger service charges if there are 200 passengers on the aircraft. If the plane arrives at peak times, a $150 average peak time surcharge is added. In total, Heathrow charges a 747 with passengers approximately $1,675. This compared to charges at Kennedy of $391 for the same aircraft.

I should note here that we have been comparing airline operations at Kennedy and Heathrow, whereas in New York the United States and foreign carriers operate their own terminals. In the case of most foreign carriers operating into Kennedy, however, they use the space and facilities provided at the international arrivals building. Additional aircraft and passenger charges are levied upon such carriers for services provided at the building by the Port of New York Authority. Foreign carriers using these facilities, however, do not have to bear the expense of maintaining separate facilities as do British Airways, Pan American, and TWA.

Other charges levied abroad are efforts to discriminate against particular airlines. In a recent trip to Rome, I was informed by pilots that Alitalia does not pay landing fees at the Rome Airport. On the other hand, U.S. airlines, Pan Am, TWA, and Seaboard operating to Rome must pay over $600 for each 747 operation—not including a 50 percent night surcharge—and $276 for each 707 operated into Rome Airport. In 1973, the payment of these landing fees by Pan American and TWA into Rome Airport amounted to $1.9 million. Alitalia does not pay these fees. The same situation in Greece where Olympic Airways is not required to pay landing fees or other charges that are levied against the operations of the U.S. carrier, TWA.

To date, negotiations have failed to bring about reform in landing fees. The U.S. Government must be given the necessary statutory authority to impose similar charges on foreign carriers, in an expeditious and effective manner. By providing such authority, it will strengthen our Government's negotiating posture and bring about needed adjustments in landing fees. The net result could well be a general lowering of land-

ing fees around the world, as foreign countries realize there will no longer be an advantage to discriminatory fees.

I am pleased to announce the strong support of this legislation by the Airline Pilots Association.

I urge my colleagues on the Commerce Committee to carefully review the procedures established in this bill as they draft legislation to discourage restrictive or discriminatory practices toward U.S. carriers by foreign countries.

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

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

S. 3790

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the International Aviation Facilities Act (49 U.S.C. 1151–1160) is amended by redesignating section 11 as section 12 and by inserting immediately after section 10 the following new section:

"AIRPORT LANDING FEES

"SEC. 11. The Secretary of Transportation shall survey the airport landing fees charged to United States air carriers by foreign governments or other foreign entities. If the Secretary determines at any time that such fees charged within any foreign country unreasonably exceed comparable airport landing fees in the United States or are otherwise discriminatory, he shall determine compensating fees equal to the portion of such foreign fees which he determines to be excessive or discriminatory. Such compensating fees shall be imposed on the foreign air carrier or carriers of such country by the Secretary of the Treasury as a condition to acceptance of the general declaration at the time of landing or takeoff of aircraft of such foreign air carrier or carriers. The amounts so collected shall accrue to an account established for that purpose by the Secretary of the Treasury. Payments shall be made from that account to United States air carriers in such amounts as shall be certified by the Secretary of Transportation in accordance with such regulations as he shall adopt to compensate such air carriers for excessive or discriminatory fees paid by them in such country.".

By Mr. BIDEN:

S. 3791. A bill to amend the Public Works and Economic Development Act of 1965 in order to assist industry and employees in complying with environmental protection programs. Referred to the Committee on Public Works.

Mr. BIDEN. Mr. President, today I would like to reintroduce a piece of legislation that my distinguished colleague from New Jersey (Senator WILLIAMS) brought before this body on October 12, 1972. This measure was passed by both the House of Representatives and the Senate, and then vetoed by the President. I am in high hopes today, gentlemen, that we will be able to begin proceedings to finally enact this bill into law.

I firmly believe that discrimination in any form is wrong. It is wrong when it is as blatant as racial discrimination, and it is wrong when it is subtly done to the American worker in industry because of new Federal antipollution standards. It will be difficult for our country to go through the transition of a pollution-prone society that it is now, and to try and become a pollution-free society that one day we hope it will become. However, I feel that the American worker should not have to bear the burden alone in this venture.

Man's misuse of the environment has cost the American worker in 1 year's time through ill health and related losses alone approximately $35 billion. This, my fellow colleagues, is a financial burden that especially in these inflationary times should not be shouldered alone. It is estimated that the Nation's total health bill is now at $70 billion per year. In addition to the increasing health bills paid by Americans today, they are also losing an additional $25 billion per year through missed wages and services attributable to environmentally caused illness, it is estimated.

As I see it, it is not only our duty as legislators but our obligation as Americans to reinstill confidence in the American worker. It is unfair to make him feel insecure in his job because of environmental reorganization occurring in his industry.

I feel this bill to amend the Public Works and Economic Development Act of 1965 is at this time a very essential piece of legislation. In effect, this bill would allow for an investigation by the Administrator of the Environmental Protection Agency, if an employee has a loss of employment as a result of the implementation of the Federal Water Pollution Control Act, the Clean Air Act, or any other Federal law having for its primary purpose improvement of environmental quality. When it is feasible this investigation should commence 6 months in advance of any anticipated employment loss. In this way we can get a headstart so to speak on compensating these workers for their loss. I feel that such employment compensation should amount to 60 percent of the individual's former weekly wage or the maximum payable to him or her under the unemployment compensation payable to any individual by any State under any unemployment compensation law.

The Secretary of Labor has the authorization with this bill to help in assistance services for the reemployment if these employees that have lost their respective jobs because of a change in their industry due to the implementation of the Federal Water Pollution Control Act or any other Federal law that has as its main purpose to improve the environment. This also applies to any reasonable expense incurred while moving because of the loss of one's employment. However, the authorized appropriation should not exceed $100,000,000.

There have been occasions when a business concern asserts that it cannot afford to comply with environmental protection laws and regulations. It threatens to move to another state or even outside the United States altogether. This is an environmental-blackmail tactic. This bill, I believe, should discourage such false claims, while taking cognizance of legitimate problems caused companies.

In conclusion. I ask that you give thoughtful consideration to this bill. I feel that it will immensely benefit a vast number of Americans. I ask unanimous consent that this bill be printed in the RECORD at this point, as well as an article entitled "Labor and the Politics of Environment" by the Honorable Leonard Woodcock, president of the United Auto Workers be printed in the RECORD at this point.

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

S. 3791

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Public Works and Economic Development Act of 1965 (42 U.S.C. et. seq.) is amended by adding at the end thereof a new title as follows:

"TITLE VIII—ENVIRONMENTAL EFFECTS

"SEC. 801(a)(1). The Administrator of the Environmental Protection Agency shall on his own motion or not later than thirty days from the date he receives a written request of an employee of an affected plant or industry, or his representative, initiate an investigation of any employment loss or alleged employment loss which results or may result from the issuance of a standard or order under the Federal Water Pollution Control Act, the Clear Air Act, or any other Federal law having for its primary purpose the improvement of environmental quality.

"(2) Such an investigation shall include an evaluation of the action necessary for compliance, the costs of compliance, the social or external costs of noncompliance, the extent to which the community would be dislocated by such an employment loss, possible alternatives to the employment loss and the economic circumstances of the particular facility involved and its owner or operator, including present profitability or marginal economic position.

"(3) Whenever feasible, such investigation shall commence six months in advance of any anticipated employment loss, or at the earliest possible time. In any event, such investigation shall begin within ten days of any allegation of employment loss due to the enforcement of an order or standard for the protection of environmental quality which the Administrator is requested to investigate by any person.

"(4) For the purpose of assisting in any investigation under this section, the Administrator may issue subpenas for the attendance and testimony of witnesses and the production of relevant papers, books, and documents, and he may administer oaths. Witnesses summoned shall be paid the same fees and mileage that are paid witnesss in the courts of the United States. In case of contumacy or refusal to obey a subpena served upon any person under this section, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the United States and after notice to such person, shall have jurisdiction to issue an order requiring such person to appear and give testimony before the Administrator to appear and produce papers, books, and documents before the Administrator, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(5) The owner or operator of any commercial or industrial facility seeking assistance under section 802 of this Act of alleging that an employment loss at any facility under his control will result from the enforcement of an order or standard for the protection of environmental quality, shall submit to the Administrator within thirty days a report disclosing:

"(A) the nature of the enforcement action;

"(B) his plans to comply, including a description of the technology necessary for compliance and its cost;

"(C) the extent of potential employment loss;

"(D) alternatives to the potential employment loss;

"(E) his plans to alleviate the effect of the potential employment loss on the individuals and communities involved;

"(F) the economic circumstances of the affected facility, including present profitability or marginality, and future investment plans in the absence of such inforcement; and

"(G) the economic circumstances of his total enterprises (including domestic and foreign subsidiaries or parent corporations), including present profitability, market (and any changes in market patterns), the effect of foreign competition, changes in the availability of transportation, opportunity for transfer personnel, capitalization, and capital availability, and future investment plans in the absence of such enforcement.

"(6) Such investigation shall be completed and a report of employment loss submitted to the Secretary of Labor not later than the sixtieth day after the date of initiation of investigation. The Secretary of Labor, upon receipt of such report, shall certify as unemployed as a result of such standard or order all employees who are unemployed as a result of such standard or order with respect to which the Administrator has conducted an investigation under this subsection. An individual to be eligible for certification for assistance under this section shall have had in the seventy-eight weeks immediately preceding his unemployment at least twenty-six weeks of employment in the plant or industry affected.

"(b) The Secretary is authorized to provide to any individual certified as unemployed under subsection (a) unemployment compensation. Such unemployment compensation shall equal 60 per centum of the individual's former weekly wage or the maximum payable to him under the unemployment compensation law of the State in which his employment loss occurs, whichever is the greater amount, except that no such individual shall be paid more than the highest amount of unemployment compensation payable to any individual by any State under any unemployment compensation law other than this section. Such unemployment compensation shall be paid so long as such individual is unemployed or until he retires from the labor force, whichever period is the lesser, except that no unemployment compensation shall be paid to any individual under this subsection for a period of more than seventy-eight weeks.

"(c) The Secretary is authorized to provide assistance on a temporary basis in the form of mortgage or rental payments to or on behalf of an individual certified under this section as unemployed who, as a result of financial hardship caused by such unemployment has received written notice of dispossession or eviction from his principal place of residence by reason of foreclosure of any mortgage or lien, cancellation of any contract or sale, or termination of any lease, entered into prior to such unemployment. Such assistance shall be provided for a period not to exceed one year or for the duration of the period of financial hardship, whichever is lesser.

"(d) The Secretary is authorized to provide reemployment assistance services under other laws to individuals who are certified under this section as unemployed.

"(e) The Secretary is authorized to pay the actual reasonable moving expenses of any individual (including his family and his household effects) certified under this section as unemployed who is unable to find employment at reasonable distance from his principal place of residence at the time of such unemployment and who finds employment beyond such distance.

"(f) There is authorized to be appropriated, not to exceed $100,000,000 for carrying out this section.

"(g)(1) No person shall discharge or in any other way discriminate against or cause to be discharged or discriminated against any employee or any authorized representative of employees of any commercial or industrial facility at which employment may be reduced due to, or alleged to be due to, the enforcement of an order of standard for the protection of environmental quality, (1) by reason of the fact that such employee or representative has filed, instituted, or caused to be filed or instituted any proceeding under this title, has provided information concerning any matter within the scope of this title, or has testified or is about to testify in any proceeding resulting from the administration or enforcement of the provisions in this title, or (2) in any case where the Administrator has determined an employment loss to be unjustified.

"(2) Any employee or a representative of employees who believes that he has been discharged or otherwise discriminated against by any person in violation of paragraph (1) of this subsection may, within thirty days after such violation occurs, apply to the Secretary of Labor for a review of such alleged discharge or discrimination. A copy of the application shall be sent to such person who shall be the respondent. Upon receipt of such application, the Secretary of Labor shall cause such investigation to be made as he deems appropriate. Such investigation shall provide an opportunity for a public hearing at the request of any party to enable the parties to present information relating to such violation. The parties shall be given written notice of the time and place of the hearing at least five days prior to the hearing. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation, the Secretary of Labor shall make findings of fact. If he finds that such violation did occur, he shall issue a decision, incorporating an order therein, requiring the person committing such violation to take such affirmative action to abate the violation as the Secretary of Labor deems appropriate, including, but not limited to, the rehiring or reinstatement of the employee or representative of employees to his former position with compensation. If he finds that there was no such violation, he shall issue an order denying the application. Such order issued by the Secretary of Labor under this subsection shall be subject to judicial review. Violations by any person of paragraph (1) of this subsection or such an order shall be subject to a fine of $10,000 per day of violation.

"(3) Whenever an order is issued under this section, at the request of the applicant, a sum equal to the aggregate amount of all costs and expenses (including the attorney's fees) as determined by the Secretary of Labor to have been reasonably incurred by the applicant for, or in connection with, the institution and prosecution of such proceedings, shall be assessed against the person committing the violation.

"POLLUTION CONTROL FACILITIES LOANS

"SEC. 802. (a) The Secretary is authorized to make loans (which for purposes of this section shall include participation in loans) to aid in financing any project in the United States for the acquisition, construction, or alteration of pollution control facilities (including machinery and equipment) for industrial or commercial usage.

"(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

"(1) Such financial assistance shall not be extended to assist establishments relocating from one part of the United States to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts theretofore customarily performed by them; except that such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

"(2) Such assistance shall be extended only to applicants both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision, and which have been certified by such agency or instrumentality as requiring the loan successfully to remain in operation.

"(3) No loan shall be made under this section unless the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the judgment of the Administrator will permit compliance with such an order or standard, and unless the Administrator finds that funds necessary for compliance are not available from within the corporate structure of the owner or operator of the affected facility, or from any domestic or foreign subsidiary or parent corporation and unless it is determined that there is reasonable assurance of repayment.

"(4) Subject to section 701(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding thirty years.

"(5) Loans made shall bear interest at a rate determined by the Secretary of the Treasury but not more than 3 per centum per annum.

"(6) Loans shall not exceed the aggregate cost to the applicant (excluding all other Federal aid in connection with such pollution control facilities) of acquiring, constructing, or altering the pollution control facility.

"(7) The pollution control facility for which a loan is requested must be—

"(A) a facility or equipment used, or

"(B) a modification of methods, processes, or operations where the primary purpose of such modification is to abate or control water or atmospheric pollution or contamination by removing, altering, recycling, disposing, or storing of pollutants, contaminants, wastes, or heat and which—

"(1) the State certifying authority having jurisdiction with respect to such facility has certified to the Administrator of the Environmental Protection Agency as having been acquired, constructed, or altered in con-

formity with State requirements for abatement or control of water or atmospheric pollution or contamination; or

"(ii) the Administrator of the Environmental Protection Agency has certified to the Secretary

"(aa) as being in compliance with the applicable regulations of the Environmental Protection Agency and of all other Federal agencies, and

"(bb) as being in furtherance of the general policy of the United States for cooperation with the States in the prevention and abatement of water pollution under the Federal Water Pollution Control Act, or in the prevention and abatement of atmospheric pollution and contamination under the Clean Air Act.

"(c) As used in this section, the term 'State certifying authority' means, in the case of water pollution, the State water pollution control agency as defined in the Federal Water Pollution Control Act and, in the case of air pollution, the air pollution control agency as defined in the Clean Air Act. The term 'State certifying authority' includes any interstate agency authorized to act in place of a certifying authority of the State.

"(d) There is hereby authorized to be appropriated not to exceed $100,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976, to carry out this section."

LABOR AND THE POLITICS OF ENVIRONMENT

(By Leonard Woodcock)

A new environmental "game plan" is emerging in American industry. Employers under notice to comply with governmental anti-pollution standards are seeking to enlist workers, their unions, and their communities in campaigns of resistance to the enforcement of these standards through overt or implied threats that such enforcement would result in loss of jobs and income through shutdowns and layoffs.

Our passage from a pollution-prone to a relatively pollution-free society, even under the best of circumstances, is bound to be long and difficult. But we can be sure that the best of circumstances will not prevail, if through inaction we tolerate an industrial strategy of playing on the economic fears of workers and communities to create widespread political opposition to cleaning up the environment. Giving workers the right to sue would put an end to that strategy and, at the same time, would create a new and powerful financial incentive to induce polluting employers to step up to their environmental responsibilities. Lacking such an incentive, employers will be strongly tempted to adhere to past and current practices. In that case, we may not make the passage at all, or not make it in time to avoid irreparable damage to the natural life-support systems that we have until very recently taken for granted.

Throughout our history, we have measured growth, profitability and progress by a much too narrow and shortsighted calculus. For a century or more, industry, especially large corporate industry wielding a high degree of market power and political clout, has made its way on the basis of an irresponsible indifference to the adverse impact of its operations on the physical and social environment. Many of the social costs of "doing business" were never assumed by business. They were sloughed off as "negative externalities" (in the jargon of economists) to be borne by the most vulnerable segments of society—mostly workers and their families—in various kinds and degrees of economic insecurity and the disabilities flowing from such insecurity. These insecurities and disabilities, according to the laissez-faire gospel, were the price that had to be paid for progress. Workers, their families and their communities are still paying most of that bill.

As for the other major social cost of doing business—environmental pollution—to the extent that it was paid at all, it was also borne primarily by workers in the form of unsafe and unhealthful working conditions. In addition to polluting the work environment, the wastes of American industry were simply thrown off on to the land, air or water. Our reckless exploitation of natural resources was not perceived as a threat to the quality of life except by a few conservationists. Exploitation was defined optimistically as development and development was the national business.

Now tomorrow is here. The bills for generations of recklessness and greed are coming due. The social and environmental costs of doing business at the same old stand and in the same old way can no longer be tolerated. Growth, given the way it has been and is being achieved, can no longer be defined optimistically as a higher standard of living; it must also be defined as a deterioration of the quality of life, urban congestion, suburban sprawl, the poisoning of the air we breathe, the water we drink and the soil that nurtures us, the accumulation of garbage, and the steady pressure of a rising population on a finite resource base.

Concern over environmental pollution can no longer be dismissed as a passing fad of undergraduates. By November, 1970, environmental issues had come to the fore in electoral contests throughout the country, and in some helped determine the outcome. Fear of its environmental impact played a considerable and perhaps decisive role in the initial rejection of the SST by the Congress. It might be said that Administration and industry lobbying on behalf of the SST and the effort to pit aerospace workers against environmentally-conscious Congressmen and their increasingly environmentally-preoccupied constituents established the politics of environment front-and-center on the national stage.

What we have today is not an environmental policy, but environmental politics—and it is not even a new politics, merely the old politics of corporate irresponsibility, illustrated in classic perfection by Union Carbide's January, 1971, announcement that it would have to lay off about 625 workers in order to comply with air-quality standards set by the Environmental Protection Agency. This, it should be noted, reportedly occurs after fifteen years of negotiations with state and federal authorities!

By February 16, 1971, the Wall Street Journal was able to report that Union Carbide was "exploring ways to avoid closing part of its Marietta, Ohio, ferroalloys plant" in order to meet air-pollution standards. It also reported that in a letter to Senator Muskie the company president said the company had not "and will never engage in any economic or environmental blackmail" by a partial closing of the Marietta plant. But he also stated that if all efforts failed, it might be necessary to close part of the Marietta operation temporarily.

It is not difficult to imagine the surprise and shock felt by the corporation's workers, particularly in a part of the country where some workers still refer to factory smoke as "gold dust." Outrage is mixed with great caution, not to say fear, among Union Carbide workers.

Mr. A. F. Grospiron, president of the Oil, Chemical and Atomic Workers, which represents some of the Union Carbide workers, stated: "We resent the fact that Union Carbide is using our members as pawns in its resistance to clean up the air around Marietta."

On the other hand, Mr. Elwood Moffett, president of District 50 of the Allied and Technical Workers, which also represents some Union Carbide workers, said: "It is going to take time to correct these problems, and the government ought to give the company more time."

When workers are torn by conflicting views of their economic situation, as in this case, opportunistic management can have a field day.

Management's readiness to exploit the insecurity of workers is dramatically evident in the Union Carbide case. But the situation is not unique. With or without drama, it exists or is implicit wherever there are workers whose major property is in their jobs, working for employers reluctant to face up to the costs of ending environmental pollution.

When General Motors came under pressure from a federal court action for discharging industrial wastes into the Hudson River from its Tarrytown plant, it shifted its offending operation from Tarrytown to Baltimore. A local newspaper commented: "This put several hundred local employees out of jobs—a gentle hint to the rest that they, too, might join the unemployed, if Hudson River valley residents push too hard for a quick cleandup of the river. In fact, GM was more blunt with the U.S. Attorney's office. At the March 20 appearance of opposing lawyers before Judge Motley in the case, Assistant U.S. Attorney Michael Hess told the judge: 'We have been told by General Motors people that "If we couldn't dump anything into the Hudson River, we would have to close down and thousands of people would lose their jobs".' "

There is the instance of the Wyandotte Chemical Corporation which is under a Michigan state court order to recycle effluent from its plant. A company official says it will close down instead.

According to a release of the Los Angeles Times Syndicate, American Smelting and Refining Company (ASARCO) ". . . has threatened to move out if forced to obey strict air-pollution laws. Unions have backed ASARCO in El Paso, but in Tacoma they increasingly resent the company efforts to use them as environmental pawns." The same release also reported: "U.S. Steel has warned pollution-control agencies in Alabama, Indiana and Minnesota to back off if they want the company to stay around. In Birmingham, the ruse has been spectacularly successful, intimidating workers and giving U.S. Steel free rein to pollute for at least seven years. In Gary, the tactic has begun to lose effect. In Duluth, where the company runs a marginal plant, it has also worked."

In February, President Nixon received, at the White House, the industrialist members of his National Industrial Pollution Control Council. The council, which might more appropriately be called the National Association of Industrial Polluters, was in effect awarded a good conduct medal by Mr. Nixon. The New York Times reported:

"Officers of more than 200 major industries were assured by President Nixon today that they would not be made 'scapegoats' of the drive for cleaner air and water."

The President was quoted as saying: "The Government—this Administration, I can assure you—is not here to beat industry over the head."

The Times report noted that among Council members are officers of the Union Carbide Corporation, and of General Motors which, along with other auto companies, has objected to the 1975 congressional deadline for a 90 per cent reduction in exhaust pollutants, and of the Republic Steel Corporation ". . . which told federal investigators in 1969 that they had no legal right to question whether it was lagging behind schedule in reducing the dumping of waste into Cleveland's Cuyahoga River."

Later, EPA administrator Ruckelshaus called for a new "environmental ethic" on the part of business and industry, and in dong so, according to the Times he "re-ruffled the feathers that Mr. Nixon had attempted to smooth."

The evidence indicates that the Nixon Administration is carrying water on both shoulders: the more-or-less pure water of an environmental commitment on one, the contaminated water of pollution-as-usual or a little-less-than-usual on the other.

Further doubt is cast on the strength of the Administration's own "environmental ethic" by a position advanced in the remarks of a member of the President's Council of Economic Advisers. Mr. H. S. Houthakker, speaking on "The Economy and the Environment," said: ". . . any ambient air standard implies a value judgment on the social importance of clean air relative to the social cost of achieving it. There is no obvious reason why this value judgment should lead to the same conclusion everywhere. It is conceivable that a depressed area may want to attract industry at the expense of a less stringent ambient air standard; the citizens of that area should be able to have some influence on the choice involved . . ."

If this proposition is translated into plain language, it emerges as the old and ever-new government-industry partnership against the unorganized, the unemployed, the poor and their communities. Just as poor states and communities have long been invited to compete for industry and jobs by maintaining the open-shop and keeping unemployment compensation and other social charges on employers low, they would now be invited to maintain or create a suitably polluted environment—toward the same end of getting jobs, paychecks and a brisker trade at the local stores.

This doctrine also constitutes a warning to employed workers already breathing polluted air in and out of the plan as the price of having jobs. That warning is clear: "cough and visit your doctor regularly, but don't get environment-happy or we may have to shut the operation down and move away."

This, as we have said, is no new ethic. Rather, it is the old trade-off in a new guise. Throughout the course of industrialism the insecurity of workers and would-be wage earners has enabled employers to trade jobs for long hours and low wages, for speed-up and the worker's signature on a yellow dog contract, for unsafe and unhealthy working conditions. Now, implicitly in the Houthakker proposal and the be-kind-to-industrial-polluters attitude that appears to be the dominant tendency in the Nixon Administration's fickle environment stance, the stage is being set for extension of the old trade-off to the whole environmental gamut.

A society whose economic and political decision makers can live comfortably with the assumption that 4 per cent unemployment would be full employment is a society whose breadwinners are bound to be more or less insecure. And as a result of Administration policies, we have lately witnessed the spread of economic insecurity from the ranks of blue-collar workers, where it is endemic, to the ranks of highly skilled technicians and professionals, where it has been relatively rare.

The largest constituency in this nation is the constituency not of the affluent but of the insecure. We are all residents, in Buckminster Fuller's phrase, of the Planet Polluto; but our view of pollution is inevitably colored by our place at the economic table. Those who sit below the salt, and that still includes most wage-earners and their families, are not in a position to take a bold, intransigent stand against pollution and the employers who are its major perpetrators. Even though they have traditionally been and remain the chief victims of pollution, working people are obliged by the insecurity of their jobs and lives, by their families' needs and by their loyalties to wives and children, to give "the smell of the paycheck" priority over a wholesome working and living environment—when they are offered no other choice.

The UAW holds the very firm conviction that no working men and women and no community in the nation should be forced to make that choice. Mr. Nixon thoughtfully assured many of the major industrial polluters in the country that his Administration would not "beat industry over the head" to obtain employer compliance with anti-pollution standards. He was ominously silent with respect to the police measures his Administration would take to prevent industry from beating workers over the head with the threat of plant closings and job losses if the government presses for an end of industrial pollution. We have seen no broken heads among the managements who continue to pollute our common resources of air and water; but workers all over the country can already see the club over their heads.

Does Mr. Nixon speak to Mr. Ruckelshaus? Mr. Ruckelshaus was right in warning that we need a new environmetal ethic if we are to check the deterioration of the quality of life visibly taking place as a result of a systematic degradation of the environment. But such an ethic will certainly not emerge spontaneously in the ranks of industry. The federal government, which for the time being means the Nixon Administration, must affirm it and give it vigorous and consistent implementation. No such consistent environmental ethic has been forthcoming in Washington. On the contrary, despite some vigorous language and some worthy proposals in legislation, there remains a clear and present danger that the basic environmental ethic of the Nixon Administration will be to hold industry's coat while the major polluters, through blackmail, attempt to convince workers, unions and the general public that a vigorous attack on industrial pollution is incompatible with economic growth, full employment and the American way of life.

What we really need, and what the present Administration has failed to articulate, is a new *social* ethic, which would affirm and implement the basic proposition that we have the right to, and the means to assure, both a wholesome environment and economic security.

Unions, such as the UAW, take very seriously the degradation of the environment in the United States and throughout the world. But we also feel obliged to remind Americans who share our environmental concern that the natural and social environments are one. If we are to succeed in making the difficult transition to a society living in harmony with the natural world, we must make a parallel, simultaneous commitment not just to the rhetoric of social justice but to specific legislation and institutional reforms which will insure an equitable sharing of the costs and benefits of environmental improvement, based upon a realistic appraisal of responsibility.

The environmental movement has been too slow to grasp the social and economic aspects of the environmental issue which the movement has so effectively brought to national attention. Non-labor members of that movement have done yeoman's service in creating an awareness of environmental policies. But in failing to come to grips with the politics of environment, they have exposed themselves, as well as the working men and women who should be their strongest allies, to the trap being set for them by corporate polluters.

The challenge of environmental degradation is also too important to be left to the environmentalists, because without support from the American people as a whole, especially from workers and the urban poor or near-poor who are pollution's worst casualties, the environmentalists will be fighting a lost cause. They are the bearers of bad news, and industry is already moving to discredit them as extremists. The new scapegoats, in fact, may well be not those who are most actively polluting the nation and the planet, but those who are sounding the alarm.

We must make a prompt but orderly transition from production and employment bought as an unacceptably high cost in pollution and environmental health hazards, to an economy that can provide economic security and well-being without impairing our finite resources of land, air and water.

Yet again the Administration has no plan to effect that transition. And as long as it remains without such a plan and the will to implement it, it remains in the corner of the corporate polluters, in effect conniving with them in the sordid politics of exploiting the economic insecurity of American workers in order to hold them in line as a captive constituency of the industrial-pollution complex.

American workers, perhaps more than the rest of the nation, have good reason to be foes of pollution. They have confronted it, resisted it, and to a dangerous degree have had to endure it over decades on the job. These inplant hazards have increased with the proliferation of new toxic substances in recent years. Moreover, workers and their families are most apt to be exposed to the pollution released by industry into the surrounding community, for they are less likely than executives and professional workers to live in residential suburbs. The problem is not that they are advocates of pollution, but that their economic circumstances require them to think first of jobs, paychecks and bread on the table. The Congress has no more serious challenge than that of taking specific actions which will assure American workers and their families of a valid alternative to paychecks earned through working and living in a polluted environment. That alternative, put simply, is the alternative of jobs, paychecks, bread on the table—and a clean environment.

Legislation to give workers the right to sue their employers for damages suffered in plant shutdowns or layoffs resulting from pollution of the environment would be a practical, substantial step toward the creation of such an alternative. It would not only free workers from the fear, skillfully played upon by environment-ravaging employers, that vigorous action to protect the environment must mean loss of jobs; it would give those same employers a powerful new incentive to exert their own best efforts to abate the pollution they are now causing.

Such legislation should give all workers affected both directly, through loss of jobs, and indirectly, through downgrading, the right to sue in federal and state courts. Where the employer is a corporation, there should be the right to sue the corporation, with the officers and director joined as defendants. This is essential, for in a situation where a corporation operates only one plant, if the shut-down were followed immediately by the dissolution of the corporation, the judgment would be meaningless. The possibility of being held personally liable, would tend to make officers and directors of all corporations more vigilant and diligent in avoiding and promptly correcting pollution abuses.

Damages recoverable should include not only lost wages but the fringe benefits that the workers stand to lose as well as retraining and relocating costs.

It is a widely accepted principle—although one all too often ignored in practice—that

the burdens and sacrifices required by an action taken in the service of the interests of the whole society should be shared equitably by all who benefit from that action and not allowed to fall disproportionately upon some who are innocent victims of it. Certainly purification of the environment is in the interests of all citizens. All of them will ultimately pay in increased taxes and often, damages inflicted upon them by the actions unfortunately, in higher prices for steps taken publicly and privately to avoid, eliminate or reduce pollution. Increased taxes and higher prices will also be paid by the workers who stand to lose their jobs, temporarily or permanently, as a result of plant shutdowns resulting from environmental problems. They and their families should not be asked, in addition, to pay with loss of income and valuable fringe benefit protections.

If the legislation is to be effective, workers must be assured of prompt relief from any damages inflicted upon them by the actions of polluting employers. One of the main purposes of the legislation is to free workers from fear so that unscrupulous employers will no longer able to hold them as hostages in order to continue polluting the environment. That purpose obviously would be nullified if workers envisioned that they might have to wait years, with their families meanwhile subject to severe hardship, while employers take full advantage of all the opportunities for delay that our legal processes afford. It is therefore imperative to assure workers that the protections will be available promptly. The Secretary of Labor should be empowered to join in the suit and to make payments, recoverable from the employer, to the workers in lieu of their lost wages. Payment before judgment is issued, of course, raises the possibility that in some cases the Secretary of Labor might make payments to workers whose suits ultimately will be lost. The risk would be small because enactment of the proposed legislation would create a powerful deterrent to pollution-related plant shutdowns. It would be far less costly to employers to eliminate or abate pollution rather than pay damages and, as a result, few lawsuits would actually be initiated. In any case, whatever small risk of unrecoverable payments might remain dwindles into insignificance by comparison with the potential dangers to all of us from continued and, in some cases, possibly irreversible pollution of the environment by corporations that hide behind the insecurity of their workers.

Ultimately, of course, employers should bear the full cost of compensating their workers for economic harm done to the latter as a result of failure to avoid or correct pollution abuses. It is clear, however, that the government cannot be absolved of blame for its failure to come to grips earlier with the pollution problem. The government's negligence in this matter does not excuse those employers who took advantage of it. But some of them undoubtedly, will require time to correct what government permitted them to do in the past. Since responsibility in this matter is shared by government and industry it seems fair to ask them to share, during a transition period, the cost of repairing any damage their action or inaction caused to be inflicted upon the families of innocent workers.

While legislation along these lines is focused on protection of workers, it should be emphasized again that that would be but one of its socially desirable results. By assuring workers such protection, it would remove what is perhaps the most serious political obstacle to vigorous and effective legislative and administrative action to minimize industrial pollution of the environment. It would end political blackmail of the kind attempted by Union Carbide because employers who threaten to lay off workers in order to evade their environmental responsibilities would thereby be establishing the right of their workers to obtain damage judgments. Employers resorting to such threats would, in effect, be providing additional evidence to support any suit their workers might bring.

At the same time the suggested legislation would provide a powerful financial incentive to industry to abate pollution. As a result, the proposed protective provisions for workers and the lawsuits required to bring them into play would rarely have to be invoked.

This country is racing against a number of clocks that keep ticking whether we are listening or not. The clock of unfulfilled democratic promises will tick us into a slow decline and exhaustion of democratic conviction and solidarity. The environmental clock will tick us into a slow but steady deterioration of the natural environment and the resource base that make life and democracy possible. These clocks will tick on unless we manage to assert the preeminence of a social and environmental ethic over the cold calculus of private corporate power and irresponsibility.

By Mr. BARTLETT:

S.J. Res. 226. A joint resolution proposing an amendment to the Constitution of the United States to establish maximum age limit for Federal judges. Referred to the Committee on the Judiciary.

Mr. BARTLETT. Mr. President, I am today introducing for the Senate's consideration a proposed constitutional amendment establishing a mandatory retirement age for members of the Federal judiciary.

If adopted, this constitutional amendment would do the following: First, it would prohibit appointment to the Federal bench of any person who has attained the age of 70 years. Second, the amendment would require all judges to retire at the age of 75 except those judges who are now serving and who have not acquired their full retirement benefits. These judges in the latter category would be allowed to continue their service until their judicial retirement will have vested.

Mr. President, the purpose and value of this proposed amendment are obvious. It just makes no sense to allow persons executing the authority and responsibility of a Federal judge to continue their duties at a time when they may not be fully capable either physically or mentally.

Although Oliver Wendell Holmes served on the Supreme Court until he was 90 and Louis Brandeis retired at 82, these are rare exceptions.

Far too often judges, being devoted to their job, far outstay the time when they can judiciously perform their duties.

Business and Government have already recognized the good judgment of a reasonable retirement age. In 1966 the Congress passed legislation requiring civil service employees to retire at age 70. In most instances American businesses require retirement by age 65.

The need for mandatory retirement of judges exceeds that of most other professions. Presently judges are in the unique position of serving for life with virtually no oversight short of impeachment for commission of a crime.

There exist numerous cases of judges who, though well qualified when younger, continue to serve and handle important cases even though advancing age has brought on senility and actual incompetence.

Some would argue that, if such an amendment is passed covering the judiciary, as a corollary it should also include Members of Congress.

However, there is a considerable difference between Members of Congress who must periodically face the voters and a Federal judge who is isolated from any oversight. The voters frequently retire a politician who does not have the good sense to see that he can no longer do the job. Voters do not have this opportunity with Federal judges.

Mr. President, if passed, this amendment will do a great deal to restore the public's lagging confidence in their judicial officers, for too often, one senile judge has given the entire judiciary a black mark. I urge serious consideration of this amendment.

By Mr. HUGH SCOTT (for himself and Mr. MANSFIELD):

S.J. Res. 227. A joint resolution designating Monday, February 10, 1975, as a day of salute to America's hospitalized veterans. Referred to the Committee on the Judiciary.

Mr. HUGH SCOTT. Mr. President, I am happy today to introduce with the distinguished majority leader (Mr. MANSFIELD), a resolution designating Monday, February 10, as a day of salute to America's hospitalized veterans.

Last year on February 12, the first anniversary of the release of the first group of POWs, an organization named No Greater Love, sponsored the first salute to hospitalized veterans. It was extremely successful, consisting of visits by prominent Americans to the VA hospitals and special activities for paralyzed veterans. As a member of the advisory council of No Greater Love, I have been asked to introduce a resolution proclaiming February 10, 1975, as a salute to these courageous men. The distinguished House majority leader, Mr. O'NEILL and the distinguished house minority leader, Mr. RHODES are introducing today a similar resolution in the House.

I hope this special day will further instill in all Americans a greater understanding and appreciation for what these hospitalized servicemen are going through and will further serve as a focal point for activities in our VA hospitals to honor these outstanding men.

They have given us so much; let us give them at least our time and our support.

I ask unanimous consent that the text of the joint resolution be printed in the RECORD immediately following my remarks.

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

S.J. RES. 227

Whereas 800,000 hospitalized American veterans are served in 177 VA hospitals annually, and

Whereas certain organizations sponsor throughout each year for these veterans a

series of programs, celebrity visits, and special activities for paralyzed veterans, and formally call the nation's attention to these special Americans, and,

Whereas these servicemen and servicewomen deserve an annual recognition from the citizens through the United States for the sacrifices they made to help keep America a free country: Now, therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Monday, February 10, 1975, be designated as a day to honor America's hospitalized veterans for the sacrifices they have made to keep our nation free, that in all VA hospitals in the United States, this day be appropriately recognized as a salute to America's hospitalized veterans, and, furthermore, that the President of the United States, the Chief Justice of the Supreme Court, the Attorney General of the United States, and the governors of all the States be individually informed of this resolution.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 2022

At the request of Mr. TUNNEY, the Senator from Nevada (Mr. BIBLE) was added as a cosponsor of S. 2022, a bill to provide flexible hours employment in the Federal Government.

S. 2854

At the request of Mr. CRANSTON, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 2854 to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolic, and Digestive Diseases in order to advance a national attack on arthritis.

S. 2938

At the request of Mr. JACKSON, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 2938, the Indian Health Care Improvement Act.

S. 3188

At the request of Mr. JACKSON, the Senator from New Jersey (Mr. CASE) was added as a cosponsor of S. 3188 to establish the Sewall-Belmont House National Historic Site, and for other purposes.

S. 3305

At the request of Mr. CLARK, the Senator from New Jersey (Mr. WILLIAMS) and the Senator from Wyoming (Mr. MCGEE) were added as cosponsors of S. 3305, the National Huntington's Disease Control Act.

S. 3383

At the request of Mr. MCGOVERN, the Senators from Montana (Mr. MANSFIELD and Mr. METCALF), the Senator from Wyoming Mr. MCGEE), the Senator from North Dakota (Mr. YOUNG), the Senator from New Mexico (Mr. DOMENICI), and the Senator from Nevada (Mr. BIBLE) were added as cosponsors of S. 3383 to amend the United States Code in order to provide service pension to certain veterans of World War I and pension to the widows of such veterans.

S. 3493

At the request of Mr. HATHAWAY, the Senator from Maine (Mr. MUSKIE) was added as a cosponsor of S. 3493 to authorize the establishment of the Atlantic Wetlands Research Center.

S. 3515

At the request of Mr. BROCK, the Senator from Texas, Mr. TOWER) was added as a cosponsor of S. 3515, a bill relating to the procurement of property for the protection of the President and Vice President at private residences.

S. 3601

At the request of Mr. BENTSEN, the Senator from Rhode Island (Mr. PELL), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Massachusetts (Mr. KENNEDY), were added as cosponsors of S. 3601, the Urban Public Transportation Act of 1974.

S. 3680

At the request of Mr. TUNNEY, the Senator from Nevada (Mr. BIBLE) was added as a cosponsor of S. 3680, a bill to prevent the unfair taxation of recent college graduates.

SENATE JOINT RESOLUTION 224

At the request of Mr. MONTOYA, the Senator from Nevada (Mr. BIBLE), the Senator from Maryland (Mr. BEALL), and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of Senate Joint Resolution 224, to authorize and request the President to issue annually a proclamation designating January of each year as "March of Dimes Birth Defects Prevention Month."

SENATE RESOLUTION 361—SUBMISSION OF A RESOLUTION AUTHORIZING PRINTING AND COMPILATION OF "TOWARD A NATIONAL GROWTH POLICY: FEDERAL AND STATE DEVELOPMENTS IN 1973"

(Referred to the Committee on Rules and Administration.)

Mr. HUMPHREY. Mr. President, I am today introducing a Senate Resolution to have a report prepared by the Congressional Research Service printed as a Senate Document. This report, entitled, "Toward a National Growth Policy: Federal and State Developments in 1973", is an invaluable document which every member of the Senate will find useful with respect to legislative deliberations during this and future sessions of Congress.

The basic purpose of this particular report is to place individual legislative and other governmental actions in the larger context of interrelated national rural and urban objectives as set forth by Congress in the Housing and Urban Development and Agricultural Acts of 1970.

In addition to the survey of Federal and State activities affecting the development of national growth policy, this report also includes significant court decisions and major reports issued in 1973 relating to national growth and development. Furthermore, this report includes a very comprehensive, yet selected, bibliography of literature published in 1973 and a listing of federally supported research actually underway relating to national growth policy and its major elements.

Mr. President, this report will help not only the Members of the Senate in their future legislative deliberations, but also hundreds of scholars and researchers in and out of government who are working on governmental policy questions. I ask unanimous consent that my letter to the chairman of the Rules Committee, Senator CANNON, be presented at this portion of my remarks.

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

U.S. SENATE,
Washington, D.C., July 22, 1974.

Hon. HOWARD W. CANNON,
Chairman, Committee on Rules and Administration, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I today introduced the attached Senate Resolution to authorize the printing as a Senate Document of a report prepared at my request by the Congressional Research Service entitled, "Toward a National Growth Policy: Federal and State Developments in 1973."

I would hope that your Committee could consider this Resolution at the earliest possible date so that members of the Senate and others will be afforded the opportunity to utilize the contents of this report in their legislative deliberations.

You will recall that your Committee generously approved a similar report prepared by CRS covering actions and developments in 1972, for which I was most appreciative.

I am also enclosing a copy of the statement which I made July 22nd in introducing the Resolution, which you and other members of the Committee might find of interest.

Your approval of this Resolution will be most appreciated not only by me, but by members of the Senate and the hundreds of scholars, researchers and other state and local government officials throughout the country who are involved in program development or studies in this area.

With every best wish.

Sincerely,

HUBERT H. HUMPHREY.

The text of the resolution is as follows:

S. RES. 361

Resolved, That the compilation entitled "Toward a National Growth Policy: Federal and State Developments in 1973", prepared by the Congressional Research Service, Library of Congress, be printed as a Senate document; and that there be printed one thousand thirty additional copies of such document for the use of the Senate.

SENATE RESOLUTION 362—SUBMISSION OF A RESOLUTION CONCERNING THE SELECTION OF STAFF MEMBERS BY COMMITTEE MEMBERS

(Referred to the Committee on Rules and Administration.)

SENATE STAFFING

Mr. BIDEN. Mr. President, I rise today in order to offer a resolution authorizing each Senator to appoint one professional employee with full staff rights and privileges, and one supporting clerk-typist, if necessary, to the staff of each standing committee to which the Member is assigned. The mechanics of the resolution are straightforward, and take up only a single page on a standard bill form.

Senators BROCK, CRANSTON, and I have devised the resolution out of a deep-seated feeling that the staffing situation in the Senate leaves something to be de-

sired. I think it is fair to say that many other Senators also share this concern because the resolution I offer today has 26 cosponsors: Senators ABOUREZK, BEALL, BENTSEN, BUCKLEY, CHILES, CLARK, DOMENICI, GOLDWATER, GRAVEL, HASKELL, HELMS, HUDDLESTON, HUMPHREY, JOHNSTON, MATHIAS, MONDALE, PACKWOOD, SCHWEIKER, SCOTT of Virginia, STEVENS, STEVENSON, SYMINGTON, TAFT, TOWER, TUNNEY, and WEICKER.

The urgency of taking a close look at the ability of Congress to carry out its constitutionally delegated business has been at issue increasingly over the last decade, long before the effectiveness rating of the legislative branch fell to 21 percent in the public polls last month. The Committee on Rules and Administration, both by inclination and by jurisdiction, has been in the forefront of the movement to redress the serious constitutional imbalances that threaten the framework of our tripartite government. The committee's remarkable efforts, under the leadership of the capable majority whip, to hammer out the Budget Reform Act of 1974 were underwritten at last on Saturday, when the President signed the bill into law.

The fruit of this measure will be the time when the legislative branch finally reasserts its constitutionally assigned power of the purse. In reacting this reform, the legislative prerogative of oversight and appropriation has been firmly upheld for the third time since the end of the Second World War. The creation of a congressional budget apparatus is a long stride forward for the Senate on the path out of the quill pen and green eyeshade era of fiscal accounting. The yeoman efforts of the entire Senate will be required to measure up to the challenge which the Committee on Rules has mapped out for it.

The enormity of the issues and the blizzard of solutions have ganged up on the Senate during the years since the Moroney-La Follette Reorganization Act of 1946. Large-magnitude increases in constituent awareness and interest-group pressure have demanded much of the time and attention of many Members, and many much-needed legislative initiatives are thwarted by the demands for expertise and man-hours devoted to complex problem solving. It is in this effort to come to terms with the troubles and potential of the Nation in the Bicentennial era, that Congress is woefully outgunned in comparison to the executive branch, over which it nominally holds the reins.

The Commerce Department has access to 300 computers and has a requisition in for 5 more this year. The Pentagon oversees and justifies its weapons purchases with a procurement operation numbering nearly 30,000 people. The Capitol Hill facilities of the Senate are dwarfed in every aspect, from space, to information access, staff, and budgetary resources. It is like comparing pea shooters to howitzers. In order for the Senate to be able to impose a workable construction upon the myriad goals of the national interest, this body needs to bring the full weight of its 100 Members to bear through the committee process.

Woodrow Wilson, a profound student of Congressional politics, observed in his book "Constitutional Government" that:

> Congress in session is Congress on display; Congress in Committee is Congress at work.

The process of hearing, drafting, and mark-up is the heart of the legislative process, where Congress responds to its constituents and their needs in a large-scale way. Yet, in many instances, the response a Senator can make through participation in his committee business is prejudiced by the Member's inexperience. This is particularly true in the case of junior members of committees, who lack the experience that tenure affords their senior colleagues, whose careers have been devoted to the work of their committees. In my opinion, the present staffing arrangements provide inadequate support where it is perhaps needed most.

Mr. President, I know for a fact from my own experience that the Senate employs among its professional committee staff members some of the most able and dedicated servants of the public interest in Government. They are not in it for the money, for they know before they even begin their careers that they cannot advance in salary beyond the present rate of $35,910. Their competence and steadfast attention to committee business has become, in large part, the determining factor in how effective the Senate can be. The legislative reorganizations recognized the importance of an accomplished, politically insulated staff to conduct the professional proceedings of the Senate. The law took pains to specify that a permanent staff be retained by each committee. Yet, for all their importance to the scheme of the reorganized Senate, the permanent staff of the Senate's committees number less than 400.

Mr. President, these considerations have been brought to a head recently by the unveiling of the proposed design for the extension of the Dirksen Office Building by the Public Works Committee on which I serve. The project is anticipated to cost $70 million, and will increase the working area of the Dirksen building by more than 150 percent.

Mr. President, the point I am driving at is that we cannot in good conscience justify a $72 million structure constructed simply to provide Senators and their staffs with more space. The new facilities, which are scheduled for occupancy in May 1977, will balloon the available office space in the Dirksen from 186,000 usable square feet to 616,000 net feet, exclusive of hallways, toilet facilities, restaurants, and parking accommodations. This virtually doubles the total area at present of both Senate office buildings and all of the satellite buildings put together. My conversations with Mr. White, the accomplished Architect of the Capitol, and the architectural consultants who designed the structure, John Carl Warnecke Associates, indicate that the addition of the added space in the extension will allow every Senator and each committee of the Senate to at least double their present office space.

Mr. President, I submit that the cost of this resolution, which would come to $11,730,000 if the maximum participation rate of 490 new staff personnel at the maximum rate of pay, is a necessary cost of construction that will insure that the new rooms of the Senate are filled with people of the caliber who now serve the Senate, in order to restore Congress in its role as counterweight to the Executive in the separation of powers. In a year when the Pentagon will find it necessary to spend $163,242 each minute of the fiscal year to exhaust the funds which it has been appropriated, it seems the least Congress can do to bring the full weight of each Senator to bear in shouldering the responsibility of Federal Government alongside the coordinate branches.

Mr. BROCK. Mr. President, it has become increasingly apparent that the workload of the Congress is growing at a rapid rate. The problems and difficulties with which we have to deal today are much more complex than only a few years ago. With this in mind, I today introduce along with the Senator from Delaware (Mr. BIDEN) and the Senator from California (Mr. CRANSTON) a Senate resolution which will strengthen the committee system within the Senate, and better enable us to meet headon the needs of the day. This resolution would, in effect, allow for each Member to have two additional staff persons per committee assignment, one professional and one clerk.

This resolution that we introduce today takes note of the fact that the Senate workload has grown so rapidly that many of us find that our personal staffs are engaged in legislative and committee activities. In fact, 11 members of my personal staff are presently totally involved in legislative and committee work. A recent study of 19 ranking committee members indicated that 14 personal staff members were engaged in a high or moderate level of legislative activity such as accompanying the Senator in committee meetings, on legislative research, bill drafting, reading and analyzing bills, and so on. If senior Members are having this type of problem, think of what a freshman Senator faces. It is simply a fact of life that we here in the Senate have to use personal staff for legislative and committee work.

I mentioned earlier that the workload of Congress has increased. For instance, in the 80th Congress, 1,031 bills were referred to the Judiciary Committee. By the 93d Congress, that committee was handling 1,464 bills. Add to the great growth the complexity of the bills and increased constituent interest and you simply have a mammoth workload.

Mr. President, the Senate committees are currently authorized to employ over a thousand persons strictly for committee work. Of this number, nearly 300 are provided for by public law or Senate resolution, and are called permanent staff. The remainder is generally known as investigative staff, and are funded each

year by the annual supplemental and regular authorization requests. Our committee staffs make up less than 4 percent of the legislative branch's personnel. I would like to point out that at this moment the Congress, the elected representatives of the people, have just over 34,000 persons employed. As of January 1, 1974, the executive departments and the independent agencies number 2.8 million people. The point here is simply that we have very little committee staff in relation to the legislative responsibilities which we face and the huge responsibility of overseeing the functions of the Government.

If we take a moment to check records, it can be noted that the 90th Congress was authorized to expend $14 million dollars for committee staff. The 93d Congress is authorized to spend nearly $35 million. This is due to proliferation of subcommittees and quantum increases in staff sizes in the Senate. I do not condemn all of these increases, for many are vital for a responsible Congress. But the time has come to review these trends and to discuss the alternatives.

I am afraid that the committee staff situation is really at times no more than a charade. There are times when committee and subcommittee investigative staffs are involved in legislative work not directly related to their assigned subcommittees or even their committee. This situation has arisen for a number of reasons.

First. Within the last decade it has become the policy of each Senator to be appointed the chairman or ranking member of at least one subcommittee. With this assignment generally comes staff.

Second. The leadership and the members have continually supported increases in investigative and permanent committee staff through resolutions and bills, without reviewing the responsibilities of these staffs.

Third. The increased legislative workload the Congress has been asked to handle over the last 28 years has out of necessity diluted the efforts of staff in any one area.

Fourth. Inflation, the scourge of us all, has caused the rate of pay for committee staffs to rise, thus ballooning the requests for operating funds and diluting the numbers of staff.

Of course, we would be remiss if we did not address ourselves to the question of does this resolution conform to the spirit of the Legislative Reorganization Acts of 1946 and 1970? Without a doubt, yes. The act states:

> Such professional staff members should not engage in any work other than committee business and no other duties may be assigned to them.

This language is perfectly clear. Our resolution would thus allow Senators to assign their general committee and legislative work to their personal committee staff, as we shall call these new positions, and therefore allow the committee staffs to perform work on the committee as the Legislative Reorganization Act mandates. Additionally, personal committee staff appointed under this resolution will be given equitable treatment with respect to the assignment of facilities and the accessibility of committee records. Committee chairmen and ranking minority members would be responsible for seeing that this section was properly administered.

This resolution does not provide a simple solution to this problem. It will take a concerted effort by all of us, and I believe this is a good step forward, in seeing that it works. It is a step in the direction of responsible reform.

Mr. President, I would like to make one further point. I would like to note the efforts being made by the members of the Rules and Administration Committee, and, in particular, its chairman, Senator CANNON. As I understand it, the Rules Committee staff is presently working on only those matters of direct concern to their committee. My distinguished colleague, Mr. CANNON, has begun reforms within the Rules and Administration Committee which could well be used as a model for other committees. His efforts and those of other members of the committee are to be applauded.

The enactment of this resolution which we introduce will facilitate similar committee staff reforms throughout the Senate and, I daresay, improve our ability to function.

I ask unanimous consent that a copy of the resolution and various other supporting materials be printed in the RECORD at this point.

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

S. RES. 362

Resolved, That upon the request of a member of a standing committee of the Senate, any individual selected by the member for appointment as a professional staff member of that committee shall be so appointed by that committee.

The annual rate of pay of that individual shall be fixed by the chairman of the committee at a rate designated by the member of the committee requesting the appointment. However, at no time shall the total of the annual rates of pay of all professional staff members designated by that member exceed the highest rate of pay that may be fixed for a staff member of a standing committee.

SEC. 2. Upon the request of a member of a standing committee of the Senate, any individual selected by the member for appointment to the clerical staff of that committee shall be so appointed by that committee.

The annual rate of pay of that individual shall be fixed by the chairman of the committee at a rate designated by the member of the committee requesting the appointment. However, at no time shall the total of the annual rates of all clerical staff members of the committee designated by that member exceed one-third of the highest rate of pay that may be fixed for a staff member of a standing committee.

SEC. 3. Any individual appointed to a standing committee under this resolution shall be—

(1) assigned to such committee business as the member resquesting the appointment deems advisable; and

(2) accorded equitable treatment with respect to the assignment of facilities and the accessibility of committee records.

SEC. 4. Payments made with respect to individuals appointed to a standing committee under this resolution shall be paid out of the contingent fund of the Senate upon vouchers approved by the chairman of that committee.

SEC. 5. Individuals appointed as staff members of a standing committee under this resolution shall be in addition to staff members authorized to be appointed to that committee under law or any other resolution or order of the Senate.

TABLE 2.—PERSONNEL EMPLOYED BY THE LEGISLATIVE AND JUDICIAL BRANCHES OF THE FEDERAL GOVERNMENT DURING MAY AND COMPARISON WITH APRIL 1974, AND PAY FOR APRIL AND COMPARISON WITH MARCH 1974

	Personnel				Pay (in thousands)			
	May	April	Increase	Decrease	April	March	Increase	Decrease
Legislative branch:								
Congress:								
House of Representatives	9,679	9,535	144		$11,303	$11,224	$70	
Senate	5,417	5,411	6		6,564	6,550	14	
Architect of Capitol	1,843	1,848		5	1,819	1,777	42	
Botanic Garden	57	56	1		56	56		
Cost Accounting Standards Board	42	37	5		78	74	4	
General Accounting Office	4,969	4,930	39		7,233	6,930	303	
Government Printing Office	8,353	8,278	75		9,077	9,754		677
Library of Congress	4,485	4,481	4		4,624	6,944		2,320
U.S. Tax Court	181	181			291	275	16	
Total, legislative branch [1]	35,026	34,757	274	5	41,045	43,584	458	2,997
Net change, legislative branch			269				2,539	

[1] May figure includes 30 disadvantaged persons employed under Federal opportunity programs as compared with 29 in April and their pay.

(Source: Monthly report on Federal personnel and pay, Joint Committee on Reduction of Federa Expenditures, May 1974, p. 12.)

PERSONAL PROFESSIONAL STAFF OF COMMITTEE CHAIRMEN: LEGISLATIVE ACTIVITY

Personal staff members employed by committee chairmen (person):	Legislative activity
1	Very high (top 10 percent).
2	Middle (Middle 3d).
3	Do.
4	Low (lower 3d).
5	Do.
6	Very high (top 10 percent).
7	Middle (middle 3d).
8	High (top 3d).
9	Middle (middle 3d).
10	High (top 3d).
11	Very high (top 10 percent).
12	Do.
13	Middle (middle 3d).
14	Low (lower 3d).
15	High (top 3d).
16	Low (lower 3d).
17	Do.
18	Middle (middle 3d).
19	Do.

Note: From over 480 Senate staffers surveyed, 19 professional personal staff of committee chairmen in the Senate responded and are listed above. These 19 staffers are identified by the intensity of their legislative activity. Legislative activity includes: (1) with Senator in committee (2) writing floor remarks and speeches (3) on legislative research bill drafting and reading and analyzing bills. Therefore even committee chairmen's personal staff are often engaged in committee work.

Source: Harrison W. Fox Jr. "Personal Professional Staff Members of U.S. Senators" unpublished doctoral dissertation, the American University ,1972.

SENATE

Committee	Number of bills referred	Number reported out	Number Passed in Senate	Number enacted into law
80TH CONGRESS				
Agriculture and Forestry	98	30	24	16
Appropriations	21	7	6	3
Armed Services	374	97	90	64
Banking and Currency	188	51	42	20
Civil Service	183	76	58	25
District of Columbia	99	31	24	18
Expenditures in the Executive	40	20	16	1
Finance	211	22	15	9
Foreign Relations	81	40	36	20
Interstate and Foreign Commerce	183	40	29	22
Judiciary	1,031	267	246	143
Labor and Public Welfare	191	31	26	14
Public Lands	372	95	83	64
Public Works	134	38	31	17
Rules and Administration	126	63	58	3
85TH CONG.[1]				
Agriculture and forestry	316	86	77	63
Appropriations	49	49	48	45
Armed Services	270	107	92	89
Banking and Currency	178	33	30	18
District of Columbia	167	86	81	62
Finance	481	92	90	89
Foreign Relations	194	67	45	34
Government Operations	130	61	48	34
Interior and Insular Affairs	556	251	233	166
Interstate and Foreign Commerce	308	109	96	74
Judiciary	2,546	1,260	1,228	757
Labor and Public Welfare	321	54	53	37
Post Office and Civil Service	228	57	56	42
Public Works	276	89	89	73
Rules and Administration	294	220	218	14
91ST CONG.				
Aeronautical and Space Sciences	10	0	0	0
Agriculture and Forestry	164	30	28	21
Appropriations	2	0	0	0
Armed Services	155	20	10	7
Banking and Currency	208	46	42	24
Commerce	339	43	36	15
District of Columbia	90	46	46	32
Finance	301	7	7	3
Foreign Relations	121	20	19	6
Government Operations	91	19	18	14
Interior and Insular Affairs	544	124	111	64
Judiciary	2,265	1,032	470	107
Labor and Public Welfare	349	35	34	22
Post Office and Civil Service	147	16	16	4
Public Works	169	21	21	16
Rules and Administration	250	189	187	5
92D CONG.				
Aeronautical and Space Sciences	4	1	1	0
Agriculture and Forestry	173	35	31	12
Appropriations	5	[2]	[2]	[2]
Armed Services	171	41	38	32
Banking, Housing, and Urban Affairs	194	34	32	20
Commerce	412	59	40	19
District of Columbia	77	19	18	6
Finance	406	3	3	0
Foreign Relations	199	31	24	11
Government Operations	106	9	6	1
Interior and Insular Affairs	533	108	101	59
Judiciary	1,464	163	154	67
Labor and Public Welfare	352	46	36	15
Post Office and Civil Service	120	15	12	6
Public Works	157	22	24	10
Rules and Administration	210	27	27	8
Veterans' Affairs	116	11	4	2

[1] Includes House bills.

[2] Information not available.

TOTAL STATUTORY AND INVESTIGATIVE FUNDS AUTHORIZED FOR SENATE COMMITTEES, 83D–93D CONG., 1ST SESS.

Congress	Years	Total statutory funds and increments thereto	Total investigative funds	Grand total	Increase (millions)
83d	1953–54	$369,000	$4,125,178	$4,494,178	
84th	1955–56	315,000	6,578,856	6,893,856	+$2.4
85th	1957–58	320,000	7,955,541	8,275,541	+1.4
86th	1959–60	300,000	10,458,231	10,758,231	+2.5
87th	1961–62	283,300	9,458,700	9,142,000	+1.6
88th	1963–64	280,000	9,734,433	10,014,433	+.9
89th	1965–66	$320,000	$11,982,135	$12,302,135	+$2.3
90th	1967–68	374,000	13,669,075	14,043,075	+1.7
91st	1969–70	390,000	17,998,920	18,388,920	+4.3
92d	1971–72	630,000	26,583,975	27,213,975	+8.8
93d (projected)	1973–74	800,000	34,140,000	34,940,000	+7.7

Source: "Expenditure Authorizations for Senate Committees," Committee on Rules and Administration, U.S. Senate, Jan. 3, 1974.

CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., June 5, 1974.

To: The Honorable William Brock
Attn: Harrison Fox

From: Paul Dwyer and Frederick Pauls, Analysts, Government and General Research Division (Kenneth E. Gray, Division Chief)

Subject: Senate Resolution Authorizing Each Member of a Standing Committee to Appoint up to Two Professional and Two Clerical Staff Members to the Staff of Each Standing Committee to Which He Is Assigned

According to your instructions, we enclose a section-by-section analysis of a proposed Senate resolution to authorize each Member of a standing committee to appoint up to two professional and two clerical staff members to the staff of each standing committee to which he is assigned. We have enclosed our report providing arguments for and arguments against the proposal.

In determining the cost of the proposal we initially based maximum cost on the figure of $36,000 as the maximum salary that can be paid to a committee employee. Under the terms of the resolution, this base figure would translate to an authorization of $48,000 for each Senator for each standing committee to which he is assigned (that is the compensation of his two professional employees for each committee could total to $36,000 while the compensation of his two clerical employees—at one-third of "the maximum rate of pay for a committee employee"—would total to $12,000, for the grand total of $48,000 for each committee).

However, the President pro tempore's Order of October 4, 1973 [*Congressional Record*, vol. 119, pt. 28, p. 36125] specifies that the maximum compensation a committee employee may receive is $35,910 until such time as the $36,000 salary for Level V of the Executive Schedule is increased.

This fact necessarily required us to revise the maximum authorization available to each Senator for each standing committee

on which he serves. If the resolution were in effect today that figure would be $47,160. Each Senator could spend no more than $35,910 per committee for his two professional committee employees and no more than $11,970 per committee for his two clerical committee employees.

A copy of the President pro tempore's order of November 7, 1973 is enclosed. Note that it specifies higher salaries for committee employees when and if the salary for Level V of the Executive Salary Schedule is increased.

We trust the analysis and report will prove useful. Please let us know if we can be of further assistance.

CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C.

SECTION-BY-SECTION ANALYSIS OF S. RES. 362 TO AUTHORIZE EACH MEMBER OF A STANDING COMMITTEE TO APPOINT TWO PROFESSIONAL AND TWO CLERICAL STAFF MEMBERS TO THE COMMITTEE

Section 1: Each member of a standing committee of the Senate is authorized to appoint up to two professional staff members to the staff of each standing committee to which he is assigned. Any such employee a Member appoints shall be automatically approved by the membership of the committee.

The annual rate of compensation for each such professional employee shall be designated by the Senator appointing him, but in no case may the combined salaries of the two professionals he may appoint exceed the maximum salary paid a permanent, professional staff member of a standing committee (currently that maximum salary is $35,190 per annum, as set forth in Public Law 91–656, 84 Stat. 1946, which *inter alia* that no employee of a Senate committee shall be paid in excess of the salary set for Level V of the Executive Schedule, which salary is $36,000 [5 U.S. Code 5316]).

Section 2: Each member of a standing committee of the Senate is authorized to appoint up to two clerical staff members to the staff of each standing committee to which he is assigned. Each such clerical assistant a Member appoints shall be automatically approved by the membership of the committee.

The annual rate of compensation for each such clerical employee shall be designated by the Senator who appoints him, but in no case may the combined salaries of the two clericals he may appoint exceed one-third of the maximum salary which may be paid a permanent, professional staff member of a standing committee; that is, one-third of $35,910 or $11,970.

Section 3: Each member of a standing committee is authorized to direct the staff he appoints under authority of this resolution as to what work each shall do for him.

Each staff employee so appointed is to be accorded equitable treatment with respect to the assignment of facilities and is to be given complete access to records of the committee.

Section 4: The compensation for the professional and clerical staff members appointed pursuant to the provisions of this resolution shall be paid from the contingent fund of the Senate. Vouchers for such funds must be approved by the chairman of the committee.

Section: Any professional or clerical employee appointed under authority of this resolution shall be in addition to the permanent professional and clerical staff authorized each standing committee by law and in addition to the so-called temporary professional and clerical staff appointed pursuant to a resolution or order of the Senate.

[Note: This resolution does not conflict with any law, Rule, or resolution in effect for the United States Senate.]

Paul Dwyer and Frederick Pauls, Analysts, American National Government, Government and General Research Division, June 5, 1974.

CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C.

ARGUMENTS IN SUPPORT OF PERMITTING EACH SENATOR TO APPOINT HIS PERSONAL PROFESSIONAL AND CLERICAL STAFF FOR EACH STANDING COMMITTEE TO WHICH HE IS ASSIGNED

1. If each Senator were permitted to appoint his personal professional and clerical staff for each standing committee to which he is assigned, it would enable him to monitor more directly and continuously the activity of that committee and thus to be more knowledgeable about legislation pending before the committee, the operations of the agencies it oversees, and the subject matters which fall within its jurisdiction.

At present, committee professional and clerical staff are, for the most part, appointed and controlled by the chairmen or senior members of the committee or subcommittee or, in the case of minority employees, by the ranking minority member of the committee or subcommittee. Other members of a committee, especially junior members, are reluctant to approach these staff employees for assistance. Consequently, they must rely upon their personal office staff for assistance with their committee work.

Having the right to his own personal committee staff employees would enhance each Senator's ability and opportunity to participate more fully in the work of the committee. A Senator could, without embarrassment, request each assistant to focus their work on committee-related matters of direct interest to the Senator and his constitutents. Such assistants would aid a Senator in attending to committee business, in preparing for hearings, in questioning witnesses, in being current on legislative issues of concern to the committee, and in preparing for floor action on measures reported from the committee.

Senators are expected to be knowledgeable in the many areas which fall within the jurisdiction of the committees on which they serve. Because there are fewer Senators than Representatives, Senators have more committee and subcommittee assignments than do their counterparts in the House. Accordingly, they need more assistance if they are to be knowledgeable and that assistance would be given them if they had the right to appoint their own personal staff to the staff of each standing committee on which they serve.

2. The demands on a Senator's time are considerable. He serves the entire population of his State. He has many committee and subcommittee assignments. He is often in the national spotlight, which requires him to speak extensively and to appear on national, State, and local radio and television interview shows. In addition, Congress during the past 40 years has enacted a host of Federal programs, which have enlarged its legislative agenda and place heavy burdens on a Senator in his effort to fulfill his legislative function. Moreover, new programs and ideas clamor for his attention. Despite the personal staff which is available to him, and the present staffs which serve committees, a Senator finds it difficult to keep apace the workload which he faces. This is especially true of his committee and subcommittee workloads. If he were given the right to appoint his own committee professional and clerical staff, his job of maintaining the pace would be greatly alleviated and expedited. Such staff could brief him and track down the information he needs in order to make informed and intelligent decisions. Surely no work is more important than that a Senator does at the subcommittee and committee level. He deserves, and badly needs, additional help to enable him to perform as best he can in doing this vital work.

3. Personal professional and clerical committee staff would free members of a Senator's office staff to attend more assiduously and systematically to the other important work which a Senator does. Freed of all or some committee work responsibilities, his office staff could devote more effort to responding to the many constituent requests which flow into a Senator's office. Senators consider good service to their constituents a major part of their job. They look upon themselves as servants of the people and so they rightly want to provide the best possible service they can to their constituents. Present and growing demands on the time of their office staff sometimes preclude their giving as much attention to this important constituent work as it deserves. Professional and clerical committee staff for each Senator would free office staff to do the right kind of job for a Senator's constituents.

In addition, such committee staff would free his personal staff to assist the Senator in his important educational function. They would be more able to assist him, and under less onerous time and conflicting demand pressures, with major policy statements and important speeches; or to do detailed research work in subject areas of concern to a Senator which lie outside the province of committees on which he serves. They would also be freer to assist him with the important public relations work which he must do in order to keep his political fences mended on the home front.

4. Personal committee staff for Senators would also reduce unhappy demands on present professional and clerical staff of committees. Often this staff cannot devote as much time to the work of the committee as they might want to because of demands placed upon them by individual members of the committee. Professional staff of committees need time to evaluate the information which comes to the committee, especially information forwarded from the executive departments and agencies. They need more time to oversee the activities and operations of the agencies and programs which fall within the jurisdiction of the committee. They need more time to prepare for the hearings which committees hold. Personal staff for members of the committee would be an important step towards providing permanent professional staff the time they need to perform these important tasks.

5. Personal committee staff would be of special value to new and junior members of committees. Such staff would be of immeasurable assistance to new and junior members in more quickly and efficiently acquainting themselves with the work of the committee and how it functions.

ARGUMENTS OPPOSED TO PERMITTING EACH SENATOR TO APPOINT HIS PERSONAL PROFESSIONAL AND CLERICAL STAFF FOR EACH STANDING COMMITTEE TO WHICH HE IS ASSIGNED

1. In the Legislative Reorganization Act of 1946 Congress endorsed the principle of professional staffs for the standing committees. To introduce clearly partisan, patronage employees on to the staffs of committees will undermine this principle. The secondary principles of effectiveness, efficiency, and objectivity, which underpin the basic principle of professionalism, might be sacrificed if Senators were permitted to appoint their own personal committee staff to the staff of the standing committees on which they serve. The Senate should be striving to realize ever better the principle of professionalism rather than deviating from it. Moreover, the provisions of the resolution as written strip the committee of any say in who a Senator may employ or what he shall pay those employees. By doing so it completely eliminates a committee's rightful prerogative to determine by majority vote who its employees shall be and what salaries they shall be paid.

2. Providing each Senator with his personal committee staff would involve considerable additional expense. As of February 1974, the 100 Senators then in office held 245 standing

committee assignments (this is because Rule XXV authorizes each Senator to have no more than two major standing committee assignments and an additional minor standing committee assignment, and grants to Senators in office prior to 1971 grandfather rights on standing committees to which they were assigned prior to implementation of committee assignment rules contained in the Legislative Reorganization Act of 1970). Accordingly, if the provisions of the resolution were in effect in 1974 and each Senator appointed the maximum number of employees permitted under the terms of the resolution, there would be an additional 490 committee employees. If each Senator paid his committee employees the maximum salaries permissible, the total salary cost would be $11,730,600 for 1974.

Not only would the resolution entail large additional expenditure of funds, but it would significantly increase the size of each standing committee's staff creating even greater over-crowding than presently exists. At present, there are approximately 900 committee employees in the Senate.[1] If 490 employees were added to that number, there would be almost 1,400 committee employees in the Senate. Presently, there is insufficient space to accommodate such an increase in staff.

In addition to the increased salary costs engendered by such additional employees, there would be other costs which flow from their employment including health and life insurance costs, pension benefit costs, stationery costs, telephone and telegraph costs, possible travel costs, office equipment costs, furniture costs, and so forth. We are unable to calculate what these additional expenses could maximally total to, but it would probably amount into the millions of dollars.

The obvious question is whether the benefits supposedly to be gained by such committee employees is worth the cost to the taxpayer. Is this a wise and needed expenditure or will it constitute unnecessary additional expenditures?

3. Permitting members to name whom they choose to committee staffs may lower the quality of each standing committee's staff. Their presence, moreover, may compound the difficulties of organizing a committee staff and directing its work. Of special concern are the possible conflicts and resentments which may occur because of a committee staff divided between non-Member and Member employees. These two sets of employees may come to work at cross purposes. Chaos and confusion could come to characterize working relationships among a committee's staff as each Member's employees seek to maximize his influence and position on the committee while non-Member staff attempt to serve the larger interests of the committee. In addition, among the Member staff appointed to a standing committee's staff there will be inevitable jealousies and jostling for the limelight for the Member each serves. It is quite possible that cabals, back-stabbing, and theft of ideas will come to characterize their activities within the committee. To the degree that such fighting occurs, it will undermine the professionalism of committee staffs and disrupt harmony. Even if this is of remote probability, the Senate should abstain from any action which might undermine the principles of professional committee staff set forth in the Reorganization Acts of 1946 and 1970.

Paul Dwyer and Frederick Pauls, Analysts, American National Government, Government and General Research Division, June 5, 1974.

[1] This figure reflects all permanent professional and clerical employees of all committees—standing, select, and special—of the Senate plus those employees of such committees hired from funds provided in annual or bi-annual inquiries and investigations resolutions.

THE NEED FOR MORE STAFF

Mr. CLARK. Mr. President, in thinking about what could be added to this discussion in support of the proposal to provide increased staff for Senate committees, I recall a rather brief, but significant, passage in the recently released White House transcripts. On February 28, 1973, the President and White House counsel John Dean had a discussion that, at one point, touched on the current frustrations of the Congress. Dean said to the President.

I spent some time on the hill myself and one of the things I always noticed was the inability of the Congress to deal effectively with the executive branch because they have never provided themselves adequate staffs, had adequate information available. . . .

The President responded:

Well now they have huge staffs compared to what we had.

Dean:

Well they have huge staffs, true, as opposed to what they had years ago. But they are still inadequate to deal effectively. . . .

At which point the President broke in and, after a deleted expletive, declared:

Don't try to help them out!

Mr. President, we ought to help the American people out—by providing them with a legislative branch with the necessary staff to develop constructive solutions to the many problems facing the Nation.

President Nixon has sent the Congress a staggering budget request of over $304 billion for the next fiscal year. That budget should be cut substantially. But we do not have the staff support to actively oversee Federal programs, to recommend where changes, improvements, or budget cuts can be made.

And until we can start doing that, any speculation about a revitalized Congress is premature.

This resolution would be a small, but meaningful step in that direction. It would simply allow each Senator to hire one additional professional assistant and one additional clerical assistant for each standing committee on which he serves.

One objection that has been raised to this proposal deals with office space—where are we going to put these additional staff members. The Senate Public Works Committee has been considering the proposed design of the new extension of the Dirksen Office Building. As chairman of the Buildings and Grounds Subcommittee, I have acquired some familiarity with the current space situation in the Senate. I am certain that the additional staff can be accommodated with little difficulty.

While the Senate will be losing the offices in the Capitol Hill Apartments, four times as much space has been made available in the old immigration and naturalization building. Furthermore, we may well be able to pick up more than 45,000 additional square feet of office space in the Carroll Arms Hotel and the Senate Court Apartments. With all that additional space, and adjustments in the present committee and personal offices, finding room for these new staffers should not present a major problem—especially in light of the advantages of gaining additional personnel. Finally, in May 1977 we are scheduled to occupy the Dirksen extension, doubling available office space.

Mr. President, additional staff is necessary now because we need a Congress that can handle the challenges of the 21st century now. I urged rapid approval of this resolution.

Mr. BEALL. Mr. President, I am pleased to join in cosponsoring legislation, to be introduced today, designed to authorize each Senator personal standing committee staff. This measure is long overdue, and I urge its swift and favorable consideration by the Senate.

Mr. President, I am privileged to serve on two of the busiest committees in the Senate—the Committee on Commerce and the Committee on Labor and Public Welfare. In addition, I am a member of the Senate Select Committee on Small Business and the Special Committee on Aging. Together, I serve on a total of 24 subcommittees.

My situation is not unique, either. I am sure my number of committee assignments is matched, and in many cases exceeded, by most of my colleagues.

Each year, the responsibilities of Congress, and of its Members, becomes heavier. For example, in the first session of the 93d Congress, some 17,528 bills and resolutions were introduced in the Congress, 3,334 of which were initiated in the Senate. As a result of this workload, the Senate must rely to an increasing extent on the recommendations of its committees. Further, the legislative needs of our Nation have become more complex, requiring that Senators and their staffs become more cognizant of each issue which moves through the legislative process.

In spite of these responsibilities, Mr. President, I do not have any personal staff on my committees. Thus, my office staff must perform double duty, by working to meet the needs of the thousands of constituents who write, call or visit my office each week, while at the same time attempting to keep abreast of the many complex issues which each day are being considered in subcommittee, full committee and on this floor.

I believe we can improve this situation, and thus improve legislation, by the addition of committee staff personnel responsible to each Member of a particular committee. There has been a great deal of talk in the Senate lately about improving the functioning of Congress. The resolution offered this morning will be a positive and much-needed step in that direction.

AMENDMENT OF THE RAIL PASSENGER SERVICE ACT OF 1970—AMENDMENT

AMENDMENT NO. 1584

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

Mr. PROXMIRE submitted an amendment, intended to be proposed by him, to the bill (S. 3569) to amend the Rail Passenger Service Act of 1970, and for other purposes.

CONSUMER PROTECTION AGENCY ACT—AMENDMENTS

AMENDMENT NO. 1585

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

Mr. DOLE submitted an amendment, intended to be proposed by him, to the bill S. 707) to establish a Council of Consumer Advisers in the Executive Office of the President, to establish an independent Consumer Protection Agency, and to authorize a program of grants, in order to protect and serve the interests of consumers, and for other purposes.

AMENDMENTS NOS. 1586 THROUGH 1589

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

Mr. ERVIN submitted four amendments, intended to be proposed by him, to the bill (S. 707), supra.

AMENDMENT NO. 1950

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

Mr. BUCKLEY submitted an amendment intended to be proposed by him to the bill (S. 707) supra.

AMENDMENTS NOS. 1591–1599

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

Mr. WILLIAM L. SCOTT submitted nine amendments, intended to be proposed by him, to the bill (S. 707), supra.

AMENDMENT NO. 1600

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

Mr. WILLIAM L. SCOTT. Mr. President, I submit an amendment to sections 7 and 8 of S. 707 pertaining to the Administrator's authority to represent consumer interests before Federal agencies and to institute a proceeding in a Federal court to obtain judicial review or enforcement of any Federal agency action.

Without repeating verbatim what is meant by the "interest of consumers" as defined by the bill, suffice it to say that it is all-inclusive. Notwithstanding this, the Administrator is given the authority in section 7 to intervene or participate in any Federal agency proceeding or activity or initiate the same which he deems may substantially affect the interests of consumers. Additionally, the Administrator is given the authority in section 8 to institute a proceeding in a Federal court to obtain review of any Federal agency action when he did not participate in the Federal agency's proceeding or activity or when he did participate in the proceeding or activity to intervene or participate in any civil proceeding in a Federal court involving the review of enforcement of a Federal agency action if he determines that such action substantially affects the interests of consumers.

The amendment I offer would require the Administrator to determine what the "interest of consumers" really is before he exercised any of these authorities. It would seem only reasonable that the Administrator conduct public hearings and make a determination and finding as to the "interests of consumers" before he determined that it was in the "interest of consumers" to involve himself in the proceedings or activities of a Federal agency or to institute a proceeding in a Federal court to review a Federal agency action. This amendment, Mr. President, will assure that the interests of all consumers are represented and not merely the views of the Administrator or those who have the Administrator's attention.

This amendment, Mr. President, does nothing more than apply the requirements of the Administrative Procedure Act to the Consumer Protection Agency as it is applied to all other agencies of the Federal Government involved in protecting the "interest of consumers."

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 1553

At the request of Mr. ERVIN, the Senator from Arizona (Mr. FANNIN) was added as a cosponsor of amendment No. 1553, intended to be proposed to the bill (S. 1361) to revise the copyright law.

AMENDMENT NO. 1563

At the request of Mr. METZENBAUM, the Senator from Connecticut (Mr. WEICKER) was added as a cosponsor of Amendment No. 1563, intended to be proposed to the bill (S. 707), the Consumer Protection Agency Act.

NOTICE OF HEARINGS BY DISTRICT OF COLUMBIA COMMITTEE

Mr. EAGLETON. Mr. President, on Thursday, July 25, 1974, at 9 a.m., in room 6226, Dirksen Senate Office Building, the Senate Committee on the District of Columbia will hold a public hearing on the following bills:

S. 2829. A bill to amend the District of Columbia Police and Firemen's Salary Act of 1958 to increase salaries, and for other purposes;

H.R. 342. A bill to authorize the District of Columbia to enter into the interstate agreement on qualification of educational personnel;

H.R. 7218. A bill to improve the laws relating to regulation of insurance companies in the District of Columbia;

H.R. 5686. A bill to amend the Motor Vehicle Safety Responsibility Act of 1925, and for other purposes;

H.R. 12832. A bill to create a Law Revision Commission for the District of Columbia; and also on a possible pay increase for teachers in the District of Columbia.

Persons wishing to present testimony at that hearing should contact Mr. Robert Harris, staff director of the committee, room 6222 Dirksen Senate Office Building, by 12 noon on Wednesday, July 24, 1974.

NOTICE OF HEARINGS CONCERNING CORPORATE USURY LAWS

Mr. McINTYRE. Mr. President, I am pleased to announce that the Subcommittee on Financial Institutions of the Committee on Banking, Housing and Urban Affairs will hold hearings on proposals to amend the National Bank Act, the Federal Deposit Insurance Act, and the National Housing Act to authorize national banks, federally insured State-chartered banks, and federally insured savings and loan associations to charge interest rates to corporate borrowers at rates reflecting present market conditions. These proposals are directed to the problems currently encountered by corporate borrowers in States which have enacted corporate usury laws.

Testimony will be received from regulatory agencies and regional business and banking groups. The hearings will be held on July 31, 1974, and will commence at 10 a.m. in room 5302, Dirksen Senate Office Building.

Anyone who wishes further information regarding these hearings should contact Mr. William R. Weber, room 5300, Dirksen Senate Office Building, 225–7391.

ADDITIONAL STATEMENTS

REMARKS OF SENATOR JAMES B. ALLEN BEFORE THE SENATE PRAYER BREAKFAST

Mr. BENNETT. Mr. President, at the meeting of the Senate Prayer Breakfast Group last Wednesday, July 17, Senator ALLEN shared with those of his colleagues who were present a clear and penetrating presentation of the power of conscience. Feeling that all of the Members of the Senate should have the same privilege, I ask unanimous consent that his remarks be printed in the RECORD.

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

CONSCIENCE

(Remarks by JAMES B. ALLEN)

Since 1811 there has been a Fund on the books of the Treasury into which are paid contributions by citizens seeking to make amends for fraudulent acts committed by them against the Government in the past—a mechanic stole a screwdriver, a waiter failed to report income from tips, a civil servant took leave without being charged for the work days missed. Contributions through 1973 have amounted to $3,191,200, with the largest year being $370,285 in 1950.

And then a person receives payment of a long-forgotten debt with interest from a friend of long ago—or payment for a wrong perpetrated against him decades ago.

A person surrenders to the authorities and confesses to a crime committed years before that has been forgotten for decades.

Mass confessions of participants in recent well publicized criminal activities—aided and abetted somewhat by detection of their participation and their desire for self-preservation.

All of those people seeking to make amends, seeking to find peace of mind, seeking to atone, have been influenced to do so, in part at least by the pangs of their consciences.

What is this great force—our conscience—that we cannot see or touch but to which we can listen and whose influence we feel?

Is conscience a built-in feature or quality of every person at birth, and a mark of the difference between man and beast?

Are our consciences nurtured and made more sensitive as a result of lessons learned at our Mother's knee, and through a sense of values impressed on us by our parents and developed through our spiritual and academic educations?

Are our consciences further polished and refined as a result of our dealings and experiences with our fellow man?

Is conscience then part of the divine spirit or image of our Maker in whose image we were created?

Over 2000 years ago the Greek historian

Polybius wrote: "There is no witness so terrible, no accuser so potent, as the conscience that dwells in every man's breast."

Shakespeare, in Richard III, wrote concerning conscience, "A man cannot steal, but it accuseth him; he cannot swear, but it checks him; he cannot lie with his neighbor's wife, but it detects him: 'Tis a blushing, shamefast spirit that mutinies in a man's soul."

John Goodwin, writing in Might and Right Well Met in 1648, said: "Freedom of conscience is a natural right, both antecedent and superior to all human laws and institutions whatever: a right which laws never gave and which laws never take away."

Thomas Jefferson wrote: "The moral sense, or conscience, is as much a part of man as his leg or arm. It is given to all human beings in a stronger or weaker degree as force of members is given them in greater or less degree."

Abraham Lincoln, to whom we turn so often for inspiration and words of wisdom, in replying in 1864 to a committee proposing a plan of peace, said: "I desire so to conduct the affairs of this administration that if, at the end, when I come to lay down the reins of power, I have lost every other friend on earth, I shall at least have one friend left, and that friend shall be down inside me."

Congressman Railsback, member of the House Judiciary Committee, as reported in the press, expressed the same thought with reference to his upcoming vote on impeachment: "I want to cast the vote that will make me feel good inside."

George Washington, in his early manhood, wrote, "Labor to keep alive in your heart that little spark of celestial fire called conscience", and I was impressed with the eloquence of his words.

In Hamlet, Polonius advises his son, Laertes, To thine own self be true, and Edgar A. Guest, the homespun poet, points out that, while we might escape the judgments of others, we must be true to and must meet the standards of the person we see in the bathroom mirror.

Alexander Bain, in the Emotions and the Will, wrote: "Conscience is an imitation within ourselves of the government without us."

But if our consciences bring out the best in us, might it not be possible for government to be conducted by a rule of conscience rather than by a government of laws, and I suggest this approach, only to strike it down. Interesting as this thought may be, it is hardly practical for there would still have to be laws for those who violate the rules of conscience. Then, too, a rule of conscience for one might be much more liberal than for another. A rule or law must be devised that will provide uniformity for all, rather than to depend upon varying requirements exacted by millions of consciences. For some, their consciences are dormant or are in hibernation. Then, too, many consciences are more persuasive after the fact of improper action then before. Also, there are the smug or self-satisfied or self-righteous consciences to contend with—Lord Byron, in Don Juan, wrote: "A quiet conscience makes one serene! Christians have burnt each other, quite persuaded that all the Apostles would have done as they did."

But what of acts of conscience, whether acts of commission or omission? The Book of Daniel records two classic cases of acts of conscience. The first was where Shadrach, Meshhach and Abednego refused to bow down to the golden image as required by King Nebuchadnezzar, even though the penalty for refusal was for them to be thrown in the fiery furnace. The furnace was so hot that the men who threw Shadrach, Meshach and Abednego into the furnace were killed by the heat. The other was the case of Daniel, who refused, as required by decree of King Darius, to make no petition or prayer to God but only to King Darius for a period of 30 days. Daniel was the King's Chief Minister and the King had been tricked into issuing the law by Daniel's enemies.

The King loved Daniel and wanted to rescind the law but there was a peculiar aspect of a law of the Medes and Persians. Once enacted, it could not be changed, giving rise to the expression "as unchangeable as the laws of the Medes and Persians."

These characters from long ago refused to obey the law as acts of conscience. While they felt that God would save them, yet they were willing to go to their deaths rather than to contravene God's laws. They were willing to pay the price for their acts of conscience.

The name of Thomas More, in England in the days of Henry VIII, comes to mind as a man willing to face death rather than to compromise with the truth as he saw the truth. He, too, was willing to pay the penalty for his act of conscience.

Dozens of other cases could be cited. Many in more recent times have performed acts of conscience but instead of paying the penalty provided for such acts, have sought to be relieved of such penalties. To my mind, this detracts from the bona fides of the acts of conscience.

I am indebted to Dr. David H. C. Read, of National Radio Pulpit, for pointing out the applicability of one of the Proverbs to a discussion of conscience and for his development of the thoughts underlying the proverb.

In the King James Version we read in Proverbs 20:27, "The spirit of man is the candle of the Lord, searching all the inward parts of the belly." The Bible, as usual, touches the spot—for isn't it right there that most of us feel our consciences at work?

Moffatt's Version renders the Proverb this way: "Man's conscience is the lamp of the Eternal, flashing into his inmost soul," and yet another version gives it thus: "The Lord gave us mind and conscience; we cannot hide from ourselves."

We cannot hide from ourselves, we cannot kill our consciences. We can, and often do, try our best. We may keep our conscience quiescent over the years by refusing to listen, but yet we continue to have this sense of right and wrong. It may be disfigured, dulled, or twisted, but it cannot be completely eradicated.

We sometimes use the word "unconscionable" to describe a person, policy, or measure we dislike, but no one can be completely unconscionable, for it means without any conscience at all. No one—not even the most depraved—can ever, in the end, hide from himself. Somewhere the spirit of man shines a light into the darkest recess and that spirit is the candle of the Lord. But the candle of the Lord that shines into the inward parts is not simply a searchlight to reveal the things we are ashamed of; it is a healing and reconciling light that shows us the way home.

So let us not be afraid to follow the dictates of our consciences. They will show us the way.

NATIONAL WORKMEN'S COMPENSATION STANDARDS

Mr. HARRY F. BYRD, JR. Mr. President, last month, the Labor Subcommittee of the Senate Committee on Labor and Public Welfare held further public hearings on the advisability of enacting national workmen's compensation standards. The committee was most fortunate, I believe, to receive the testimony of the Honorable Robert P. Joyner, chairman of the Industrial Commission of Virginia.

Commissioner Joyner noted Virginia's long history of concern for the injured employee as well as the Commonwealth's continuing commitment to the stated purposes of S. 2008, the proposed National Workers' Compensation Standards Act. Virginia has a sound worker's compensation law, which is continually being studied and improved.

Commissioner Joyner cautioned, however, that Federal regulation of State programs would stifle those existing programs with the "inherent inflexibility" of the Federal proposal and create enormous additional costs.

I received confirmation of the sentiments expressed by Commissioner Joyner in a letter from the Honorable Maurice B. Rowe, secretary of the administration of the Commonwealth of Virginia and chairman of the Governor's cabinet. His assessment of the proposed legislation is forthright and candid. He states that a national workmen's compensation law "is not in the best interest of the citizens of Virginia."

I find this united expression of opposition to be most significant. I urge my colleagues to review these materials and then to solict the views of his own State's officials on this matter.

I ask unanimous consent that the testimony and letter be printed in the RECORD.

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

STATEMENT BY THE HONORABLE ROBERT P. JOYNER

Mr. Chairman and Members of the Subcommittee: It is my privilege and indeed an honor to appear before you today and state the position of the Virginia Industrial Commission regarding S. 2008.

We are in accord with the stated purpose of S. 2008, i.e., to provide prompt, adequate and equitable protection to workmen and their families against financial loss associated with job-related injuries or death. It is fair to say that the great majority, if not every State, is in sympathy with this purpose as evidenced by revision and improvement of benefits under the State Acts on a regular basis. Virginia has had a long history of concern for the injured employee and has increased benefits on a regular basis from $10.00 per week in 1919 to $91.00 per week in 1974.

There is under way at the present time a study of the Virginia Act by the Virginia legislature, and certain legislation will be proposed at the 1975 session of the Virginia legislature, which, together with the existing provisions of the Act, will meet practically all of the requirements set forth in Sec. 4 of this bill. Because of these constant improvements, we believe that the purposes of this bill are being met by the States without Federal intervention.

I call to your attention several problems which we anticipate with the administration of this bill, if it is enacted in its present form:

Sec. 4(b)(1) at p. 7 refers to compensation for *injuries* which arise out of and in the course of the employment. However, Sec. 3(7) at p. 5 defines the term "injury" as "(1) any harmful change in the human organism, *whether or not the result of an accident*, and includes any disease, and (2) any damage to or loss of a prosthetic appliance. (emphasis added).

These two sections appear to conflict. Apparently under Sec. 4 any harmful change in the human body would be compensable if any work-related factors were a contributing cause. Thus, coverage could be provided, under the guise of workmen's compensation, for any death or disability if the employment

could be considered a contributing cause in any degree.

Moreover, the coverage would extend to any person employed since an "employer" is defined as any person who employs another, and this apparently would include a person who employed one part-time person. This would include the homeowner who employed a neighborhood child to mow his yard. The examples along this line are endless and the requirement of purchasing workmen's compensation coverage would certainly eliminate some employment.

The definition of employer is not clear. The bill exempts "the United States" but includes governments and governmental agencies. If State and Federal governments are employers under this bill, the exemption for "the United States" is less than clear.

However, our most serious objection to the bill is the delegation of unlimited authority to the Secretary of Labor to determine whether or not States have met the standards set forth in this bill and to promulgate additional unlimited and unknown standards which the States would be obligated to meet. The Secretary of Labor is appointed, and, I submit, with all due respect to that office, that his status as an appointee leaves him less responsive to the desires of the States and the general public than are elected officials.

The States would be subjected, with no effective appeal, to the philosophy of the incumbent Secretary of Labor. The Secretaries change from one administration to the next and frequently change within one administration. The current Secretary of Labor is the third under the present administration. Moreover, the philosophy of the Secretary is also subject to change and there is nothing in this bill which would inhibit him from changing the standards from day to day, should he desire. The inherent flexibility of this bill would create an impossible situation for the States in attempting to comply with the standards and result in what may be astronomical costs.

Under this bill the Secretary may approve, disapprove, or approve and then withdraw approval of a State plan. If the State plan is approved, there is, of course, no problem with State administration. However if the plan is disapproved—and I believe this would be the situation in almost every State—there are essentially two options.

The Secretary may agree with the State for State administration of the Longshoremen's and Harbor Workers' Act. Assuming such an agreement could be reached, there would be considerable loss of time and delay in processing claims while State employees were trained in the intricacies of administering an unfamiliar Federal law.

The more likely prospect is that the Secretary would be faced with administering the Longshoremen's and Harbor Workers' Act with Federal employees. This would entail considerable expense in hiring and training numerous people to administer the Federal Act within the States. The Virginia Industrial Commission, for example, operates with approximately 125 employees, and this is possible only because of the rather low rate of turnover and the many employees who are entirely familiar with our Act and can handle approximately 140,000 claims per year with a minimum of delay. Hiring additional personnel could only result in a higher tax burden to your constituents.

The loss of time under either of these procedures is apparent and would work a considerable hardship on disabled claimants who were waiting to have their cases heard or who were waiting for approval of medical attention. It is not unreasonable to expect that the delay in processing these claims would result in disabled workers and their families having to resort to public welfare at additional expense.

Even if the State plan is approved, monitoring the administration of the State plan will involve hiring an unknown number of employees by the Secretary of Labor to carry out this task, at great public expense.

The appeal provision, as set forth in Sec. 9 (p. 21) provides that the Secretary's action shall take effect pending appeal, unless irreparable damage can be shown. His decision can be overturned only upon showing that it is not supported by substantial evidence. I submit to you that this establishes an appeal procedure which creates an extremely difficult burden of proof, and which, in effect, offers little hope for relief to the appellant.

For these reasons, we respectfully request the Committee to recommend that the bill not be reported.

COMMONWEALTH OF VIRGINIA,
Richmond, Va., June 24, 1974.

Hon. HARRY F. BYRD, Jr.,
Congress of the United States, U.S. Senate, Washington, D.C.

DEAR SENATOR: The Williams-Javits Bill, S. 2008, and its identical House Bill, H.R. 8771, are of grave concern to us and deserve your careful and critical consideration. It is our considered opinion that this proposed legislation is not in the best interest of the citizens of Virginia. We urge both your efforts and your vote to defeat these bills.

The Virginia Legislature has always been sensitive to the need for continuous upgrading of the Virginia Workmen's Compensation Law to provide benefits to injured workmen and their families not only consistent with the economic, financial, and sociological growth of the community, but also consistent with the legal and philosophical concepts of Workmen's Compensation benefits vis-a-vis unemployment compensation, social security, or welfare payments.

The knowledgeable National Commission on State Workmen's Laws after a massive study and documented report, recommended to Congress in July, 1972, minimum standards for State Workmen's Compensation Laws and acceptable modes of implementation. This National Commission expressly recommended against the substitution of federal administration for state programs and urged that the states be given a reasonable time in which to comply with the recommended standards.

The Virginia Advisory Legislative Council reported their own findings to our Legislature in January of 1974. Virginia is already in a posture of substantial compliance with the majority of the National Commission's recommendations. The Council reaffirmed that the promulgation and administration of Workmen's Compensation Laws should remain with the states.

The pending federal legislation, S. 2008 and H.R. 8771, goes very far beyond the recommendations of the National Commission. The standards set and the acceleration of compliance time are such time no state now meets them, or probably ever could meet them. The constitutional, legislative, administrative, and financial barriers at state level appear insurmountable. The net effect appears to be both assured federal takeover of this traditionally state function and effective abolition of state programs and state administration.

The cost of the proposed law and its administration has not, to my knowledge, been carefully calculated or estimated. A Nebraska study applying the estimated to actual cost ratio that developed in the Medicaid and Black Lung programs has estimated that any such federal workmen's compensation program would cost from $74 billion to $151 billion per year. This potential alone requires serious consideration.

This proposed legislation is unanimously opposed by the Virginia Industrial Commission, the Southern Assocation of Workmen's Compensation Administrators, and the International Association of Industrial Accident Boards and Commissions. The legislatures of Nebraska and Georgia have already gone on record in opposition to this legislation.

The essence of any workmen's compensation program is the prompt delivery of an adequate benefit to a deserving recipient. These goals can be established with greater equity, can be and have been achieved with greater success at lesser cost, at the state level than otherwise.

We urge that you oppose this particular legislation and any of similar purpose which might later introduced.

Sincerely,

MAURICE B. ROWE.

THE SENATE VOTES TO REPEAL THE NO-KNOCK LAWS

Mr. ERVIN. Mr. President, a few days ago the Senate adoptel by an overwhelming vote the amendment offered by my colleague, Senator GAYLORD NELSON, and myself, to repeal the no-knock provisions of the drug law in the District of Columbia Code. In commenting most favorably on this action of the Senate, the Greensboro Daily News of Greensboro, N.C., carried an editorial entitled "Senate Votes To Repeal Mistake."

I ask unanimous consent that a copy of the editorial be printed in the RECORD.

There being no objection, the editorial was ordered printed, as follows:

WHAT OTHERS SAY—SENATE VOTES TO REPEAL MISTAKE

In 1970 Congress approved the controversial no-knock provision whereby federal narcotics agents and the District of Columbia Police Department were authorized to obtain a warrant to enter a dwelling without knocking and identifying themselves. The provision was enacted, in the words of Sen. Sam J. Ervin Jr., in "a period of hysteria."

The Justice Department under former Attorney General John Mitchell had done its part to foster such a period. And although civil libertarians and strict constitutional constructionists opposed the provision, the Senate voted down, by a margin of over 2 to 1, Sen. Ervin's 1970 amendment to delete no-knock from the D.C. Crime and U.S. Drug Abuse Prevention Act.

But four years of no-knock was enough for the Senate. On July 11 it made an about-face and voted 63 to 31 to repeal no-knock. Sen. Ervin and Sen. Gaylord Nelson, D-Wis., sponsored the repeal amendment.

Supporters of what amounted to legalized breaking and entering used to contend that citizens' rights were protected sufficiently by the requirement that officers obtain a no-knock warrant from a court. And they argued that no-knock warrants were necessary because going through the regular search warrant routine gave suspects a chance to destroy evidence or escape.

It is true enough that few suspects subjected to a no-knock search managed to escape. Take the case of a California hippie who had a pad in the mountains. A band of narcotics agents descended by helicopter, jeep and on foot one morning on the hippie and his lady roommate. The suspect tried to escape by the back door, but a bullet in the back cut short the escape attempt and his life. The agents found some marijuana, but

not the heroin cache they later said they had been looking for.

As for the argument that no-knock was no threat to the right of Americans to be secure in their own homes, government raiders knocked it into a cocked hat on various occasions. One such mistaken drug raid, widely publicized, took place in Collinsville, Ill. in April 1973. Agents raided two homes and terrified the occupants until they realized they had gone to the wrong house. The agents never identified themselves, never showed any sort of search warrant and never told the cowed occupants what they were looking for.

The evidence is, as Sen. Ervin said, that the provision has done nothing in four years to reduce crime or the flow of drugs. Police Chief Jerry V. Wilson of the District of Columbia seemed to agree when he said he wouldn't object to the repeal of no-knock. And Geoffrey Alpring, chief lawyer for the D.C. Police Department, has been quoted as saying that the use of no-knock can increase the possibility of injuries both to policemen and the occupants of the houses entered.

No-knock, in actual practice, turned out to amount to a license for narcotics agents to harass innocent people, mostly those on the bottom of the economic and social scales. It was a bypass of the Constitution that enabled officers of the law to take the law in their own hands and abuse the constitutional rights of private citizens. It has been used chiefly against people suspected of dealing in marijuana or in possession of it, and not against big-time importers of and dealers in, such hard drugs as cocaine and heroin.

"Congress ought not to sacrifice on the altar of doubt and fear the basic premise that every man's home is his castle," Sen. Ervin told the Senate in the course of debate on repeal. The Senate took his advice. The repeal bill now goes to the House. We hope the members of that chamber will also heed the Senator's admonition.

CAMPAIGN FUNDING

Mr. HUGH SCOTT. Mr. President, one of the key issues of the 93d Congress has been campaign reform and we all know that the Senate has acted responsively and responsibly to correct inadequacies in our campaign funding practices. Now the issue rests with the House. I commend to my colleagues here in the Senate and to my colleagues in the House an outstanding article by John Gardner in the Los Angeles Times. It says artfully and articulately that the ball is now in the House. We hope that they will see the need for this vital legislation.

I ask unanimous consent that John Gardner's eloquent plea be printed in the RECORD.

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

THE HOUSE HAS "STALLED AND DAWDLED" LONG ENOUGH—CONGRESS MUST ACT ON CAMPAIGN FUND REFORM

(By John Gardner)

The time has come for the 93d Congress to pass campaign finance reform legislation. Twice within the last year, the Senate has passed significant and comprehensive reform measures. Now, after 18 months of stalling and dawdling, the House of Representatives is about to face the same issue.

Having lived through two years of malodorous scandals involving old-style influence peddling, citizens might imagine that the special interests had grown cautious in buying political favors. No such luck. Current statistics show that, as of June 10, registered special-interest groups already had available for the 1974 congressional races almost twice as much money as these same groups reported spending in all the 1972 congressional campaigns.

The message to the House of Representatives couldn't be clearer. Unless Congress acts to create a new system of campaign financing, our present system, with all its corrupting consequences, is going to continue.

Targeting of campaign gifts is not haphazard. Common Cause found that in early 1973, of 43 House cosponsors of dairy industry legislation, 29 had shared $110,000 in campaign funds from dairy lobbyists; and in the Senate, five of seven cosponsors of dairy bills had shared $51,000 from dairy interests. The donations helped win backing for increased government milk price supports, which in turn led to higher consumer prices.

As Sen. Russell B. Long, chairman of the Senate Finance Committee, has observed, campaign gifts are bread cast upon the waters to be returned a thousandfold.

There were similar patterns among senators and representatives who received campaign donations from the American Medical Assn.'s Political Action Committee, from organized labor groups and from others.

Not surprisingly, the prime beneficiaries of the influence-buyers are almost invariably the incumbents—not candidates seeking to unseat them. In the elections of two years ago, $2 out of every $3 given by special interests went to incumbents. Overall, incumbents of both parties in the Senate and House raise, on the average, twice as much money as their challengers.

In 1972, 95% of the congressmen who chose to run again were reelected. Is it any wonder that incumbents aren't enthusiastic about public financing of campaigns, which would put challengers in a more equitable position?

The Senate has already approved an alternative system of congressional campaign financing based on small private contributions and matching public funds.

The House Administration Committee has reported out a bill for action on the floor next week that has two major inadequacies—it provides no public financing for congressional campaigns, and it fails to establish a sound enforcement mechanism.

When the bill comes to the floor of the House, two crucial amendments will seek to correct these flaws—one sponsored by Reps. John B. Anderson (R-Ill.), Morris K. Udall (D-Ariz.), Barber B. Conable Jr. (R-N.Y.), and Thomas S. Foley (D-Wash.) to create a system of matching public funds for congressional general elections, and a second sponsored by Reps. Bill Frenzel (R-Minn.) and Dante B. Fascell (D-Fla.) to create an independent federal elections commission to enforce the law.

The Anderson-Udall-Conable-Foley amendment will provide congressional candidates in the general election with public funds to match private contributions of up to $50 per donor. In addition to serving as an important incentive for small private donations, it would end candidates' reliance on large donors for the bulk of their campaign finances. Since the House Administration Committee bill already provides public financing for presidential elections, the basic question raised by this amendment is whether clean elections are appropriate only for presidential races or whether they should also apply to congressional contests.

The Frenzel-Fascell amendment would create an effective enforcement mechanism. By comparison, the provisions for enforcement in the House Administration Committee bill are pitifully inadequate. There is no way the public interest can adequately be protected if enforcement of the law designed to regulate election activities of congressmen is entrusted to a commission consisting of four members of Congress and two congressional employes, along with the Government Accounting Office, which now watches over elections. This incestuous arrangement would only perpetuate the 50-year history of nonenforcement of campaign finance laws and produce even greater public distrust of elected officials.

It is no accident that in the last 18 months 15 states have created independent agencies to oversee state campaign finance laws. It is no accident either that while the Nixon Administration and the Senate Watergate Committee could agree on little else, there was one issue that united them—the need for an independent federal election commission. Creation of such an agency is fundamental to any meaningful campaign reform bill.

If we want to end the capacity of money to buy elections, we have no choice but to dismantle the present corrupting system of campaign financing. To a good many members of the House, this system seems comfortably familiar, and some will vote to stay with it—corruption and all.

The Bible says, "The dog returneth to his vomit, and the fool to his folly." Congressmen, at long last, need to abandon their old ways. In this year of political disillusionment, they must give us a new system.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, I again rise to express support of the United Nations Convention on the Prevention and Punishment of the Crime of Genocide.

It is my hope that these daily reminders of senatorial inaction with regard to the convention may serve at least one purpose: to dispel any fears that the accords are violative of our constitutional guarantees. Time and time again I have emphasized that it is my firm conviction that the Genocide Convention is not a threat to our constitutional system. In fact, the Genocide Convention is designed to protect the most fundamental right of all; the right of every individual and group to life, liberty, and the pursuit of happiness.

Americans may occasionally fail to appreciate just what a privilege this is, perhaps because we have heard it stated too often. Some of us have lived with these protections too long to realize that the majority of humanity lives without hope of these basic rights. Many people have not even had the opportunity to experience the feeling of hope which accompanies a life free of discrimination and social oppression.

The Genocide Convention is an international agreement which addresses itself to the very substance of this hope; the right to live. Ratification of it will put the United States formally on record as opposed to the crime of mass murder. It is not enough to simply say that we are opposed to genocide. Rather we should do something about it. Ratification of the treaty is a necessary step toward this end.

A LONG LOOK AT THE SOCIAL SECURITY SYSTEM

Mr. FONG. Mr. President, in a floor statement July 11, I invited attention of the Congress to an article in U.S. News & World Report for that week on future financial problems faced by the social security system and the relationship of those problems to the Fong-Fannin proposal, Senate Joint Resolution 48, to create a bipartisan, independent National Social Security Commission to maintain constant overview of this program of such vital importance to so many American citizens.

Today I invite attention to an editorial in the July 15 issue of the Wall Street Journal commenting on the U.S. News & World Report article. I ask unanimous consent that this editorial, entitled "A Long Look at the Social Security System" be printed at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered. (See exhibit No. 1.)

Mr. FONG. The Wall Street Journal editorial, the U.S. News & World Report article and the recently released social security trustees report that the retirement benefits program is now underfinanced by 3 percent of the Nation's payroll subject to social security taxes, as well as other comments proliferating in the press, all reinforce my views that it is imperative that a mechanism be established for a continuing overview of social security by a permanent, bipartisan agency independent of the program's Administrators.

As I have pointed out repeatedly on the Senate floor, social security is the Nation's biggest business. Every citizen has a serious personal interest in its present and future. Millions of people depend on it for income today. Millions more rely on it for the future. Payments to its current beneficiaries, and taxes necessary to its support, run into tens of billions of dollars each year. That such a massive and vital program is not now subject to continuing review by an agency charged with no other responsibilities is, in my opinion, indefensible.

The Wall Street Journal editorial staggers the imagination and challenges the Congress when it says that in a very real economic sense the national debt is $2.1 trillion larger than what we have said it is. Whether the drastic corrections in social security which the Journal calls for are, indeed, necessary or not, its recommendations must be recognized as posing serious choices which sooner or later must be faced.

While it would be pointless to ask, "How did this problem develop?" it is certainly not inappropriate to ask, "How can we prevent or minimize this kind of difficulty in the future?"

I believe that part of the answer lies in the prompt creation of a bipartisan, independent National Social Security Commission such as Senator FANNIN and I proposed in Senate Joint Resolution 48 last year, and I introduced in 1972. Such a commission would concern itself with more than financing, but certainly the underfinancing crisis we face indicates that we need more continuous study of social security than we have given in the past. The public and the Congress need a reliable source of information about this program based on constant review by experts who are independent of the Social Security Administration, through an agency whose sole concern would be such overview, information dissemination and development of recommendations for the future.

The Fong-Fannin resolution calls for creation of a permanent blue ribbon panel of highly qualified persons, including experts in actuarial science and economics, which would maintain a constant surveillance of the social security system with regard to benefit adequacy, fiscal integrity, equitable treatment of beneficiaries and the system's interrelationship with and impact on America's whole economy.

National Social Security Commission members would be named on a bipartisan basis by the President pro tempore of the Senate, the Speaker of the House of Representatives and the President, with Senate confirmation of Presidential appointees. It would be assisted by a permanent staff totally independent of the Social Security Administration.

In my remarks of last week, I made reference to the recent appointment of the quadrennial Advisory Council on Social Security which is expected to report its recommendation for changes by next January 1. The Fong-Fannin resolution would replace this council with the permanent Commission.

The limited kind of overview which is now provided through the Advisory Council is hardly adequate to the needs of such an important part of American life. That it is appointed but once every 4 years, with an obligation to make its report within a year or less, virtually assures that independent, indepth analysis of the factors important to a successful social security system will be difficult if not totally impossible.

With all due respect to the abilities of the distinguished members on the Advisory Council and its predecessors, their work is almost certain to be dependent on inputs from the Social Security Administration. The kind of review that is needed should not be so dependent on the system's administrative staff.

We live in a highly dynamic society in which factors important to social security are undergoing constant change. We need a review system that is immediately responsive to them and which will maintain a constant check on the impact, favorable and negative, of this dynamism. This is impossible under the type of quadrennial review now in effect.

Changes in birth rates, inflation rates, and wage levels are but examples which have occurred in recent years that are reflected in the problems cited by U.S. News & World Report and the Wall Street Journal.

I strongly suspect that there are members of the present Advisory Council on Social Security who would agree with these reservations I have about limits on its ability to meet a serious need.

It is vital for the future that the American public and the Congress have readily available to them the information and expert opinion, including divergent views as appropriate, which would be expected from the National Social Security Commission envisioned in the Fong-Fannin resolution.

EXHIBIT 1

A LONG LOOK AT THE SSS

We read with interest last week's cover story in U.S. News and World Report on the Social Security System, which concludes that the system is in desperately poor financial condition. "The failure to reform Social Security, almost everyone agrees, could lead in the long run to disaster."

It is worse than that. USN&WR says that by 1990, even though a worker pays a maximum Social Security tax of $2,070.45, which has to be matched by his employer, the system will be paying out $20 billion more in benefits than it takes in that year. Unhappily, the assumptions cranked into these numbers are those of the Social Security Administration, numbers that are obsolete and ridiculously optimistic. Unless taxes are increased substantially, or benefits reduced substantially, deficits on the order of $20 billion could arrive by 1980, growing by leaps and bounds from there.

The most disheartening number, an official one, is provided by the Treasury Department. As of June 30, 1973, the unfunded liability of the system was $2.1 trillion. Another way of putting it is this: In a very real economic sense, the national debt is at least $2.1 trillion larger than the politicians say it is. If, as of June 30, 1973, the system had refused to accept new workers, saying it would only collect taxes and pay benefits to those already covered, its outlays over the next 75 years would exceed receipts by $2.1 trillion, plus market rates of interest compounded annually. In the last year, this number has grown by about $300 billion.

So far, Congress has blinked away this enormous pool of debt by passing a law that defines "actuarial soundness." Its reasoning is that the SSS would never close off to new work-force entrants, hence there would always be new workers to pay the benefits to the new recipients. By the congressional "dynamic assumptions" definition of actuarial soundness, the system is only in deficit by $62 billion, spread over the next 75 years.

As it happens, for the dynamic assumptions method to hold up the assumptions have to be as dynamic in reality as they were on the planning boards. They have not been. Working on the 1960 Census figures, the Social Security bureaucrats projected a 1964–1975 birth rate gradually declining from 21 per 1,000 to 20 per 1,000, then climbing again. Instead, the birth rate dropped like a stone throughout the period and now stands at around 15 per 1,000. The bureaucrats projected a growth in real wages over the period of 2.1% a year; between 1965 and 1973 real wage growth averaged 1.7%.

The errors imply much higher taxes are required to sustain benefit levels, and of course imply economic insanity if Congress continues to hike benefit levels. How much higher taxes? In their "Actuarial Audit of the Social Security System," Robert Kaplan of Carnegie-Mellon University and Roman Weil of the University of Chicago assert that realistic assumptions "imply taxes 50% to 75% higher than current levels." The SSS actuaries will not be able to avoid admitting some of this when they put out their new

assumptions based on the 1970 Census. The Kaplan-Weil argument is that the dynamics have worsened since 1970 and should be faced up to now.

What's to be done? The first thing is that the public has to be told, by the politicians, that it is not possible to maintain the current rate schedule and benefit level. One or both have to be adjusted. It is of vital importance that the public be told in that most of the work force is now counting on the purchasing power the current benefit levels yield for their retirement years.

Congress may cringe at the idea of trimming these benefit levels, but sharp tax boosts won't be popular either. Liberals will want to dip into the general fund to keep the system going a little longer, but within two or three years this method will be cleaning out the Treasury. All other "worthwhile" government programs will have to be chopped out to sustain Social Security. That, too, appears to be politically impossible. Indeed, there are no politically appealing ways to straighten out this mess. But the longer the nation waits to do it, the more it will hurt.

VIRGINIA FESTIVAL OF INDEPENDENCE

Mr. HARRY F. BYRD, JR. Mr. President, the Virginia Festival of Independence, a 10-day event connected with the Nation's Bicentennial was held from July 11 through July 20.

At the center of this festival is the Commonwealth of Virginia's historic city of Alexandria and county of Fairfax.

On July 18, as a major highlight of the festival, the famous Fairfax Resolves were reenacted in Alexandria. These Resolves, written by George Mason, represent one of the earliest and most influential documents of the Revolutionary War period.

The Resolves were a ringing declaration of the rights and freedoms of the colonists, showing just where the citizens of Alexandria-Fairfax stood on the vital issue of independence. George Washington served as chairman of the Alexandria meeting on July 18, 1774, which adopted the Resolves.

Trinity United Methodist Church, Alexandria, this year is also celebrating its 200th anniversary. The day the Fairfax Resolves were adopted, a 17-year-old Methodist preacher by the name of William Duke was riding toward Alexandria for the second of 14 visits to this 25-year-old town on the banks of the Potomac.

Duke was a Maryland lad who had attended the Second Methodist Conference in Philadelphia in May 1774 and had been assigned to the Frederick Circuit, which embraced all the territory from Frederick, Md., to the Georgetown-Fairfax-Georgetown area. On his sixth trip to Alexandria, on November 20, 1774, with some 12 members present, Duke formed the first Methodist society in Alexandria.

Duke's little society of 1774, which has been in continuous existence for 200 years, is today's Trinity United Methodist Church, on Cameron Mills Road in Alexandria. The church currently has over 1,000 members. The Reverend Lester D. Nave is the congregation's minister.

As part of its Bicentennial, Trinity is publishing a full length book entitled, "A Watermelon for God," telling the church's history. The book has been written by Dr. Fern C. Stukenbroeker, a member of the congregation. Publication is scheduled for mid-September.

The chapters of the book deal with the Alexandria of 1774. One is entitled, "Swans, Tobacco, and Highway 7," which describes Alexandria as it existed when the first Methodist society was formed, the busy harbor, the muddy streets, the stately Carlyle House, the wagons bringing produce from Fairfax and Loudoun Counties, the mixture of aristocratic colonial society and the life of the nearby frontier. Another chapter, "A Town Gone Liberty Mad," talks of the 1774 mood of independence in Alexandria-Fairfax which culminated in the adoption of the Fairfax Resolves.

I have reviewed these two chapters and find that they contain a great deal of interesting history about Alexandria during the year of 1774. This is a commendable effort to preserve the facts about a historic period in our Nation's development.

SUMMARY OF PSRO CONTRACTS

Mr. BENNETT. Mr. President, I wish to insert into the RECORD a summary of the PSRO contracts that have been issued by the Department of Health, Education, and Welfare recently. These contracts are the first step in helping the local PSRO's become functional and make it possible for them to be of the greatest benefit to the public and the medical profession.

I am encouraged to note that 38 States are represented in the first round contract awards. I ask unanimous consent that this summary of the contracts be printed in the RECORD.

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

SUMMARY OF PSRO CONTRACTS

PLANNING CONTRACTS

Alabama: Alabama Medical Review, Inc., Montgomery, $65,000.

Alaska: Alaska Professional Review Organization, Anchorage, $72,372.

Arkansas: Arkansas Foundation for Medical Care, Fort Smith, $65,000.

California: East Central Los Angeles PSRO, Los Angeles, $78,750; Foundation for Medical Care of Santa Clara County, San Jose, $74,000; Kern County Medical Society, Bakersfield, $61,800; North Bay PSRO, San Rafael, $61,200; Monterey County Medical Society, Salinas, $45,485; Organization for PSR of Santa Barbara/San Luis Obispo Counties, Santa Barbara, $44,700; Redwood Coast Region PSRO, Santa Rosa, $74,500; Riverside County PSRO, Riverside, $56,400; San Francisco PSRO, Inc., San Francisco, $57,000; PSRO of San Mateo County, San Mateo, $62,000; Stanislaus Foundation for Medical Care, Modesto, $50,242; Ventura Area PSRO, Inc., Ventura, $68,590.

Delaware: Delaware Foundation for Medical Care, $45,150.

District of Columbia: National Capital Medical Foundation, $55,000.

Florida: Dade Monroe PSRO, Miami, $73,000.

Hawaii: Pacific PSRO, Honolulu, $77,120.

Idaho: Idaho Foundation for Medical Care, Inc., Boise, $51,201.

Illinois: Chicago Foundation for Medical Care, Chicago, $225,760; Quad River Foundation for Medical Care, Joliet, $47,135.

Indiana: Calumet Professional Review Organization, Highland, $39,200; Indiana Area V PSRO, Indianapolis, $51,620.

Iowa: Iowa Foundation for Medical Care, West Des Moines, $45,500.

Kansas: Kansas Foundation for Medical Care, Topeka, $47,560.

Kentucky: Kentucky Peer Review Organization, Louisville, $36,000.

Maryland: Baltimore City Professional Review Organization, $52,555; Central Maryland PSRO, Timonium, $41,000; Delmarva Foundation for Medical Care, Salisbury, $55,720; Montgomery County Medical Care Foundation, Silver Spring, $64,800; Southern Maryland PSRO, Glen Burnie, $35,666.

Michigan: Genesee Medical Corp., Flint, $36,000; Upper Peninsula Quality Assurance Assn., Escanaba, $45,300.

Minnesota: Professional Services Quality Council of Minnesota, Rochester, $66,000.

Missouri: Central-Eastern Missouri Professional Review Organization Committee, St. Louis, $61,000; Mid-Missouri Foundation, Jefferson City, $64,000; Northwest Missouri; PSRO Foundation, Kansas City, $49,500; Southeast Missouri Foundation for Medical Care, Cape Girardeau, $54,440.

New Jersey: Area I–PSRO Region II, Morristown, $46,150; Essex Physicians' Review Organization, East Orange, $54,000; Passaic Valley PSRO, Clifton, $37,000.

Nevada: Nevada PSRO, Reno, $38,200.

New York: Adirondack PSRO, Glens Falls, $52,000; Area 9 PSRO of New York State, Inc., Purchase, $57,000; Erie Region PSRO, Buffalo, $67,000; Five-county Organization for Medical Care and Professional Standards Review, New Hartford, $52,000; Genesee Region PSRO, Rochester, $77,000; Kings County Health Care Review Organization, Brooklyn, $64,560; Nassau Physicians Review Organization, Garden City, $96,000; New York County Health Services Review Organization, New York City, $86,332; Richmond County Professional Standards Review, Staten Island, $55,580; PSRO of Central New York, Syracuse, $54,400; PSRO of Rockland, Manual $62,870; Bronx Medical Services Foundation, Bronx, $79,000.

North Carolina: Piedmont Medical Foundation, Winston-Salem, $46,380.

Ohio: 4th Area Professional Standards Review Council, Toledo, $59,000; Region X Professional Review Systems, Columbus, $55,300; Medco Peer Review, Cincinnati, $52,850; Physicans Peer Review Organization, Cleveland, $63,000; Region Six Peer Review Corp., Akron, $46,000; Western Ohio Foundation for Medical Care, $44,550.

Oregon: Greater Oregon PSRO, Portland, $58,500.

Pennsylvania: Allegheny PSRO, Pittsburgh, $88,217; Central Pennsylvania Area II PSRO, Williamsport, $47,175; Eastern Pennsylvania Health Care Foundation, Allentown, $65,000; Montgomery/Bucks PSRO, Norristown, $54,000; PSRO Area XII Executive Committee, Philadelphia, $100,000; Highlands PSRO Corp., Johnstown, $46,600; South Central Pennsylvania PSRO, Lemoyne, $54,000; Southwestern Pennsylvania PSRO, Greensburg, $62,500.

Puerto Rico: Foundation for Medical Care of Puerto Rico, Santurce, $45,280.

South Carolina: South Carolina Medical Care Foundation, $60,000.

South Dakota: South Dakota Foundation for Medical Care, Sioux Falls, $51,000.

Vermont: Vermont PSRO, Rutland, $52,400.

Virginia: Northern Virginia Foundation for Medical Care, Alexandria, $57,875.

Washington: Washington State Medical Association, Seattle, $147,480.

West Virginia: West Virginia Medical Institute, Charleston, $48,000.

Wisconsin: The Foundation for Medical Care Evaluation of Southeastern Wisconsin, Inc., Milwaukee, $36,355; Wisconsin Professional Review Organization, Madison, $90,600.

POPULATION STRATEGY FOR A FINITE PLANET

Mr. HATFIELD. Mr. President, the Overseas Development Council has recently published a communique by Lester R. Brown entitled "Population Strategy for a Finite Planet," a brief article drawn from his latest book, "In the Human Interest."

Mr. Brown argues that the Earth simply cannot sustain the population of 10 billion people projected for the end of the 21st century. The consumption of food, mineral resources, water, and energy by 10 billion people, plus the environmental damage caused by the projected growth of the gross world product to $9 trillion by the year 2000 would reduce our planet to a stinking ball of garbage and gas unfit for decent human living. And given Mr. Brown's expertise in matters of world food supplies and consumption and the related ecology issues, the argument is persuasive.

Instead of 10 billion people by the end of the 21st century, Lester Brown urges a maximum of 6 billion people by the year 2015. He proposes a timetable for meeting this goal, and suggests ways of implementing it that are both reasonable and attainable. There is one caveat, however: the task of stabilizing world population at 6 billion people by 2015 will require some very hard political decisions. As Mr. Brown notes:

The historical equivalent of perhaps two centuries of change in values and behavior must be compressed into a generation.

To guide our society through the turbulent years ahead we will need a kind of leadership that is dangerously absent today. We will need men and women who are not afraid to make difficult decisions, who do not attempt to shroud their actions in the "newspeak" language of equivocation and evasion, who have the morality and compassion necessary to plot a humane course. Americans have never failed to respond to the call of their leaders, public and private, when the cause was just and the means honorable.

Mr. Brown has provided us with a clear-headed view of the future, and I commend both this article and his book to my colleagues. I ask unanimous consent that the Overseas Development Council communique on population strategy for a finite planet be printed in the RECORD.

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

[Communique on Development Issues, Overseas Development Council No 25]

POPULATION STRATEGY FOR A FINITE PLANET

(By Lester R. Brown)

Today's most optimistic projections forecast that global population, now almost 4 billion, will reach 6.0 billion by the year 2000 and will not stabilize before it has risen to 10 billion toward the end of the 21st century. Equally mind-boggling is the possibility that the gross world product will triple to reach $9 trillion by the year 2000.

Lester Brown argues that the serious resource scarcities and ecological stresses of the early 1970s—and their social and political implications—point to the folly of accepting these population and growth rate projections as inevitable. Instead, he proposes that we should work to stabilize world population at 6 billion by the year 2015. This timetable calls for extraordinary global efforts to change individual attitudes and procreative behavior, limit consumption and modify life styles, ensure universal access to family planning services, and reorient economic policies toward meeting the most basic needs of all people, thereby decreasing the insecurities which have historically encouraged higher birth rates.

Is the task feasible? Far more manageable and far less costly, the author suggests, than the consequences of the "business as usual" course we have been charting for ourselves so far.

INTRODUCTION

In an increasingly interdependent world, the consequences of continuing population growth affect everyone—regardless of where the growth actually occurs. Each person added to the world's population exerts an additional claim on the earth's food, energy, and other resources. What we must now recognize is that continuing population growth, even at a moderate rate, will henceforth aggravate virtually all of the important economic, ecological, social, and political problems facing mankind.

The emergence of serious resource scarcities and severe ecological stresses during the early 1970s calls into question the economic growth prospects for the final quarter of this century. For the first time in modern economic history, the world is moving into a situation where, with certain of the scarcer resources, the consumption of more by some necessarily means the consumption of less by others. This raises the critical political issue of how scarce resources will or should be shared among people with widely varying purchasing power. It also suggests the need to end the unrestrained pursuit of super-affluence. The economic circumstances now prevailing in the world indicate the need for a dramatic reorientation of both economic goals and demographic policies and programs.

UNDERSTANDING THE PROBLEM

While most of us understand the short-term consequences of a 3 per cent population growth rate in terms of its impact on the need for food, water, housing, education, and other services, how many of us realize that such a seemingly innocuous rate of growth results in a *nineteen-fold increase within a century?* Not only individual couples contemplating childbearing but also many national political figures whose leadership in this critical area is essential still lack this knowledge. Yet an understanding of the implications of exponential growth is essential to grasping the importance of stabilizing global population and checking the pursuit of super-affluence sooner rather than later.

Existing U.N. projections show world population growing until it reaches 10 to 16 billion by the end of the 21st century. Many working in the population field, even while fully aware of the adverse consequences of such a result, have tended to accept these projections as inevitable, since altering the trend appeared to be next to impossible. This makes it all the more important for those who believe that the combined effect of population growth to the projected levels and of rising affluence will put more pressure on resources, the ecosystem, and institutions than these can withstand to identify and work toward a more manageable global demographic future.

A PROPOSED TIMETABLE

The ambitious yet feasible goal proposed here is the stabilization of world population at just below 6 billion by the year 2015. Some knowledgeable observers may well declare this target "unattainable." However, consideration of the population size with which many nations will be confronted *even if they meet this stringent goal* makes the prospect of not meeting it equally impossible to imagine. Even this timetable shows India growing from under 600 million to nearly a billion people, the population of Mexico increasing from 55 to 103 million, and Bangladesh forced to find means of supporting 50 million people in addition to its current 77 million by the year 2015.

Because of the sharp contrast in current fertility levels between the developed and less developed countries, it is useful to think of these two groups of countries separately when attempting to identify appropriate strategies. In the more developed countries, where populations are growing slowly, it should be possible to achieve stability much sooner than in the less developed countries, where population growth rates are generally rather high, as is the proportion of the population at childbearing age. Nearly a score of developed countries are approaching, or are already below, replacement level fertility. Given the low birth rates now existing in most of these countries, a relatively modest further reduction in the crude birth rate would result in population stability (zero growth). It is not unreasonable, then, to suggest that all of the more *developed* countries should strive for *population stability not later than 1985.*

It should also be possible—although certainly not easy—for all of the *developing* countries making the appropriate effort to *reduce birth rates to 25 per thousand by 1985.* If they can accomplish this, a much smaller group of young people will reach the prime reproductive ages between 2005 and 2015; at that stage, it should be possible to take the final step, bringing birth and death rates into balance.

The notion of reducing crude birth rates in the less developed countries to 25 per thousand by 1985 may appear extraordinarily ambitious. But if we examine the performance of the developing countries which have been most successful in reducing population growth rates, it begins to appear a much more feasible goal. It is useful to remind ourselves that as of 1973 seven developing countries had already reduced their crude birth rates to 25 per thousand or less. These seven, mostly small, countries—with a total population of 33 million—include Mauritius, Singapore, Hong Kong, Taiwan, Barbados, Chile, and Trinidad and Tobago. Two other Latin American countries, Argentina and Uruguay, both with relatively high average incomes, had in fact achieved crude birth rates of less than 25. Another group of countries—Sri Lanka, South Korea, Cuba, and possibly China, whose inclusion brings their combined population to 853 million—had achieved crude birth rates of 30 or less by 1973. It is noteworthy that of these countries only two—Singapore and China—have come close to using all the economic and social incentives available to a government to reduce fertility. All of these countries have been considerably more successful than developing nations on average in achieving economic and social progress for their poor majority. They have achieved substantially longer life expectancy, lower infant mortality, higher literacy, and more equitably dis-

tributed income than have other countries at their per capita income level.

Under the proposed timetable, the substantial declines in birth rates between 1975 and 1985 in both the developed and the less developed countries (as the former group moved to population stability and the latter lowered their crude birth rate to 25) would reduce the annual world population growth rate from 1.9 per cent in 1970 to 1.1 per cent in 1985. The period from 1975 to 1985 would be one of steadily declining fertility throughout the world.

Despite continuing stringent efforts, there would be little further decline from 1985 to the end of the century. Populations in the more developed countries already would have stabilized, but the large groups of those born during the 1960–75 period in the less developed countries would be in their prime reproductive years. The second phase of the push toward stabilization would come during the decade from 2005 to 2015, when the sharply reduced group born after 1985 would be entering its prime reproductive years. This would yield a stabilized world population of just under 6 billion by 2015. *Yet even so, the 1970 world population would still have increased by nearly two-thirds by the year 2015.*

IMPLEMENTING THE TIMETABLE

To have any chance of success, a strategy to stabilize world population on the proposed timetable must involve extraordinary efforts on a wide range of fronts including the following:

Creating Social Conditions for Fertility Decline. The historical record indicates that human fertility does not usually decline significantly—even where family planning services are available—until certain basic social needs are satisfied. Birth rates do not normally drop voluntarily in the absence of an assured food supply, reduced infant mortality rates, literacy, and at least rudimentary health services. Thus despite their critical importance, family planning services alone—even if made universally available—will not be enough. In the future, far more attention must also be devoted to designing economic and social policies that spread these fundamental improvements in well-being more evenly within national populations, even in nations where per capita income is still at a low level. Growing evidence from societies as diverse as those mentioned above indicates that such policies are possible and that they help bring down birth rates.

A concerted international effort to satisfy basic social needs everywhere is clearly in the interest of both rich countries and poor. Major global food production, literacy, and health care efforts are well within the resource capacity of the international community; priority global policies now requiring rapid adoption at the international level include an international food reserve system, an internationally supported crash effort to expand fertilizer and food production in the developing world (particularly by the vast numbers of farmers with small holdings), the universal extension of rudimentary health care, and efforts to provide literacy training for all adults.

The encouraging thing about appropriate efforts to satisfy social needs and slow population growth in the developing countries is that these can reinforce each other positively and at the same time accelerate economic growth. There is increasing evidence that if small rural and urban producers and underemployed workers are given a chance to participate more effectively in the development process and have access to education, credit, technology, and health services, they not only become highly productive but acquire a stronger motivation to limit family size. Therefore many of the less developed countries which have not yet done so need to begin redesigning their development strategies to focus more directly on the basic social needs of their people, particularly by giving their poor majority a greater opportunity to participate in production and development. While in this specific area the initiative for change and development rests with these countries themselves, there is an urgent need at the same time for a major increase in the general flow of resources from rich countries to poor—both to help the latter achieve higher growth rates and to give them the capacity to better meet the basic needs of the poor. Additional sources of foreign exchange are needed from increased trade, aid, investment, and such new global resources as the hard minerals of the seabed and the International Monetary Fund's special drawing rights.

Providing More Options for Women. In order to reduce fertility to the levels proposed earlier, average fertility in some societies will have to fall well below replacement levels for at least a limited period of time. In many countries, growing numbers of women are seeking to increase their participation in society and to achieve individual recognition and fulfillment in areas other than childbearing and childraising. The desire of women for a more equitably diversified role and the need to reduce fertility throughout the world both point to the urgency of eliminating laws, customs, and regulations restricting women's rights to work, to own property, to vote, to hold political office, and to pursue certain traditionally "male" professions. Increased opportunities for women outside the home and family can greatly ease and accelerate the attainment of population stabilization.

Economic Incentives. Careful attention also must be given to the range of government policies which, directly and indirectly, may affect childbearing decisions. These include income tax deductions; maternity, child care, and housing subsidies; and social security policies. It is important for every government to carefully examine the total structure of incentives regarding family size which its laws and institutions present to the individual. The object must be to design a broad framework of positive inducements to limit family size as well as policy measures to directly discourage large families. Such an incentive structure can also perform an extremely effective educational function, alerting all citizens to the government's concern with population growth.

Massive Extension of Family Planning Services. Among the less developed countries, the ready access of the majority to family planning services is still the exception rather than the rule. An estimated 40 million abortions a year—most of them in the developing countries—attest to the gap between the need for and the availability of family planning services. The United Nations Fund for Population Activities (UNFPA) estimates that the cost of providing family planning services ranges between 50 cents and one dollar per year per capita for an entire population. Excluding China, the less developed countries contain roughly two billion people. Using the UNFPA estimate of one dollar per person for the cost of providing family planning services, it would thus require $2 billion to provide family planning services throughout the developing countries. If one-half of this sum were to come from internal resources and one-half from external resources, roughly a billion dollars would be required annually from the international community. However, the present flow of funds into the less developed countries from both public and private sources for family planning purposes approximates only $250 million—scarcely a quarter of what is needed from outside.

Changing Life Styles. Clearly the systematic simplification of life styles in the rich countries could free resources for helping the less developed countries solve their basic economic and social problems.

The technologies underlying today's modern economies evolved in a situation of relative abundance. Land, water, energy, and other resources were abundant and cheap. But now there is a need to reexamine these technologies in the light of growing resource scarcity. Could current levels of individual mobility be retained with a much lower level of resource use merely by limiting the size of automobiles? Could energy consumption be greatly reduced with a properly designed public transport system? If Americans persist in driving large automobiles, this may help drive up the world price of energy beyond the reach of many of the world's low-income energy users.

Since the contrasts in food consumption levels among countries are so great, thought needs to be given to how diets could be simplified in the wealthy nations in order to reduce per capita claims on the earth's scarce resources of land and water. What are the possibilities of substituting less costly, more efficient forms of protein for expensive foods such as beef? The production of a pound of poultry or pork requires substantially less grain and high protein feeds than the production of a pound of beef. Per capita pressures on resources can be considerably reduced by shifting consumption away from beef toward these less costly animal products.

THE QUESTION OF RESPONSIBILITY

In the final analysis, we are all responsible for the problems mankind faces. If we are genuinely concerned about population growth, we may ask ourselves some very specific questions: Does our government have an official policy of population stabilization? If it does not, what can be done to get such a policy adopted?

Do our national political leaders understand the dynamics of population growth—that a 3 per cent annual population growth rate means a nineteen-fold increase in a century? Has our government systematically reviewed all its policies which bear directly or indirectly on population growth? For example, does our government have laws which restrict the sale or advertising of contraceptives? Does it have any pronatalist policies such as baby bonuses or preferred income tax status for large families?

What is the responsible thing to do in making childbearing decisions in terms of national and global social development goals and in terms of the welfare of any child? Does our society offer women ample opportunities to participate in meaningful roles other than childbearing? If not, what can be done to ensure such options?

Are we as individuals consuming more food or energy than we need? Can we reduce our consumption of material goods without significantly reducing our well-being?

A CHALLENGE TO LEADERSHIP

If uncontrolled human fertility poses a greater threat to our future well-being than any other single factor, as many informed analysts now believe, then national governments must rethink the question of national security and the allocation of budgetary and human resources. At present, worldwide expenditures on family planning total less than $3 billion per year, compared to global military expenditures far in excess of $200 billion per year—a sum exceeding the income of the poorest half of mankind.

Governments as well as private groups and individuals concerned about changing the course of population growth also need to

recognize far more fully that the potential effectiveness of family planning programs in many developing countries is seriously limited by the lag in social and economic progress, which has the undesirable but understandable effect of encouraging families to seek security in numbers.

The population prospect is desperate if it is permitted to continue unchecked. But it is not hopeless if the complexity of the problem is recognized and accepted, and if the right combination of measures is launched even at this late hour. A rational and humane solution to the population problem is not simple, but it is well within the capability of mankind if the appropriate decisions are taken at both the national and international levels. We know that an adequate strategy must encompass a chain of mutually reinforcing policies, including: 1) more equitable international trade, monetary, and investment policies to help strengthen the economic ability of developing countries to bring about the necessary internal social and economic changes; 2) more appropriate and effective domestic policies (as well as international assistance) to improve the basic well-being of the poorest majority of the people—particularly in the most populous rural areas of the developing world—by providing more jobs and better health, education, and other basic services; and 3) the provision of financially accessible family planning services to adults everywhere. In many countries, adopting the policies outlined here will not be easy, since some require major changes in the way in which power is exercised.

The changes called for in human values and behavior and in institutions of all types during the final quarter of the twentieth century are without precedent. The historical equivalent of perhaps two centuries of change in values and behavior must be compressed into a generation. Under these circumstances, the world faces a desperate need for leadership at all levels. There are many scarce commodities today, but none as scarce as leadership.

The world desperately needs enlightened leadership from national political leaders, corporate leaders, church leaders, United Nations officials, the press and media, labor unions, and citizen groups. Leadership at the national level is particularly critical, and yet few national leaders have access to the information needed for responsible and intelligent decision-making in many critical areas. There will be a great temptation to dodge critical issues, to blame other countries for problems which were not anticipated. More than anything else, the times call for political leaders who can behave like statesmen and for informed, concerned citizens who make it good politics for them to do so.

PRESENTATION OF LAETARE MEDAL TO JAMES A. FARLEY

Mr. TALMADGE. Mr. President, Mr. James A. Farley, chairman of the National Democratic Party and Postmaster General during the Roosevelt administration, recently was awarded the Laetare Medal for 1974 by the University of Notre Dame.

Among the addresses given in honor of Jim Farley on this occasion at a dinner in New York were remarks by Mr. Claus Halle, president of the Coca-Cola Export Corp., which included a congratulatory telegram from Mr. Robert Woodruff, chairman of the Coca-Cola Co.

Mr. Farley is the retired chairman of the board of the Coca-Cola Export Corp., and he has a long and distinguished career in public service, government, and private business.

I join his many friends and associates in congratulating him on receiving this high honor from the University of Notre Dame and ask unanimous consent that Mr. Halle's address be printed in the RECORD.

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

ADDRESS GIVEN BY C. M. HALLE

Tonight a great American University honors a great American. The University of Notre Dame, through its educational programs, research and service activities, has an influence and impact which are truly worldwide. The honored guest, a legend in the politics and business of this country, is an institution unto himself, a man who has made his mark not only in Washington and New York, but also in countless countries, near and far. For decades the University of Notre Dame and James A. Farley have been honored for the excellence and integrity which are their hallmarks.

It is my honor to speak tonight on behalf of the world-wide Coca-Cola family, the men and women in this country and overseas who have regarded Mr. Farley as more than an executive of the Company, more than a boss, more even than an inspiration. Particularly for those of us from other lands, he has somehow symbolized America itself: Its spirit and strength, its courage and its compassion, its commitment to old values while always seeking new and better ways of doing things.

All of us, then, rejoice with all of you here tonight in this great honor which Mr. Farley is about to receive. It is, of course, a personal honor, but it is one which warms the hearts of all of who know, work with, admire and, indeed, love Jim Farley. Let me conclude by reading a telegram from a man who wanted ever so much to be with us tonight and who has been the guiding force for our company for many decades, Mr. Robert Woodruff.

"Dear Jim: It gives me pleasure to send you this further word of congratulations on your designation as the Laetare Medalist for 1974 which brings appropriate recognition to your exemplary personal life and to your high attainments in the service of our Country and of our Company. I am sure the presentation Thursday evening will be an enjoyable and memorable occasion and deeply regret I cannot be there in person. Always wishing you well and with kindest regards. Bob."

Thank you, ladies and gentlemen, thank you, Mr. Farley, and God keep you always.

SECURING THE VOTE FOR OVERSEAS AMERICANS

Mr. GOLDWATER. Mr. President, I am delighted that the Senate acted last Thursday to pass S. 2102, a bill strengthening the voting rights of overseas citizens. I am proud to be a cosponsor of this needed bill.

Mr. President, my legislative efforts on behalf of Americans overseas began in 1970 when I introduced a Senate joint resolution proposing to overhaul the residency and absentee voting regulations of the several States in Presidential elections only. The Congress ultimately enacted this proposal as section 202 of the Voting Rights Act Amendments of 1970.

One of the provisions of this new law was designed to secure the vote in Presidential elections for Americans outside the United States, and a survey completed by my office after the 1972 Presidential election turned up proof that section 202 had a favorable effect. We found that over 4 million citizens cast Presidential absentee ballots in 1972, a jump of 26 percent over 1968.

There was some confusion and even some resistance in certain States, however, to permitting Americans outside the United States to vote unless they kept a fixed permanent home within the State to which they applied. This meant an absentee citizen had to be rich enough to maintain two homes, one in the States and one abroad. In order to completely eliminate negative interpretations of this type, it became obvious that a new law was needed to clear up the requirements of the original one beyond any doubt.

Also, a new law is needed in order to extend the benefits of the earlier law to cover voting in congressional as well as Presidential elections.

Mr. President, I commend the senior Senator from Maryland (Mr. MATHIAS) for his leadership in sponsoring S. 2102, and the Senator from Rhode Island (Mr. PELL) as chairman of the Senate Subcommittee on Privileges and Elections, for his important role in guiding the legislation to speedy passage by the Senate.

Mr. President, my office has prepared for me a legal memorandum which establishes Congress power to protect the vote of American citizens in all Federal elections, and I ask unanimous consent that it be printed in the RECORD at the conclusion of my statement.

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

(See appendix A.)

Mr. GOLDWATER. In this connection, I believe one of the primary legal issues is whether or not the American abroad has a distinct and direct interest in Federal elections similar to that of a citizen remaining at home. A compilation of U.S. laws and treaties affecting U.S. citizens. residing abroad, which was prepared for me by the Library of Congress, proves beyond any doubt that these citizens are immediately affected by a voluminous number of laws. In many instances, the very absence of a treaty may have a significant effect on U.S. citizens residing in a foreign country. For example, Americans living in a country which has no reciprocal tax treaty would have an obvious interest in securing one.

Furthermore, a number of Federal programs, notably involving education, vocational training, and public welfare, are generally limited territorially to the United States. However, citizens living abroad may well have an active interest in securing the extra territorial application of such programs.

In other words, U.S. citizens overseas have a direct and great interest in decisions and policies acted upon by the two political branches of Government and

have a very real stake in being allowed to participate in the political process.

Mr. President, I also ask unanimous consent that the list of such laws and treaties affecting overseas Americans be printed in the RECORD.

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

(See appendix B.)

APPENDIX A

MEMORANDUM OF LAW IN SUPPORT OF CONGRESS POWER TO PROTECT THE VOTE IN FEDERAL ELECTIONS

(By J. Terry Emerson, legal counsel to U.S. Senator BARRY GOLDWATER)

I. THE RIGHT TO VOTE FOR NATIONAL OFFICERS IS AN INHERENT RIGHT OF NATIONAL CITIZENSHIP

It is firmly established in American law that the right to vote for National officers is a fundamental, personal right of National citizenship. The Supreme Court has plainly announced that "among the rights and privileges of National citizenship recognized by this court are . . . right to vote for National officers. . . ." *Twining v. New Jersey*, 211 U.S. 78, 97 (1908).

According to Justice Frankfurter's opinion in *U.S.* v. *Williams*, 341 U.S. 70, at 79 (1951), the Supreme Court has held or assumed in at least seven decisions that the right to vote in Federal elections can be protected by Congress because it is a right directly dependent on and secured by the Constitution. *Ex parte Yarbrough*, 110 U.S. 651, 663 (1884), is but the first of these decisions. In *Yarbrough*, the Court expressly rejected a claim "that the right to vote for a Member of Congress is not dependent upon the Constitution or laws of the United States, but is governed by the law of each state respectively." Instead, the Court held that these offices are created by the Constitution and by that alone. *Id.*, at 663. See also *United States* v. *Classic*, 313 U.S. 299, 314, 315 (1941); *Wiley* v. *Sinkler*, 179 U.S. 58, 62 (1900); *In re Quarles*, 158 U.S. 532, 535 (1895).

The same doctrine applicable to voting in Congressional elections is true of Presidential elections. That office, too, is created by the Constitution and by that alone and indeed it and the Vice Presidency are the only national offices chosen in a nationwide election. All doubt of the standing accorded this right should be removed by *In re Quarles*, where the Supreme Court expressly enumerated among the rights secured to citizens by the Constitution "the right to vote for *presidential electors* or members of Congress. . . ." *Id.*, at 535. (Emphasis added.) Moreover, the Supreme Court later held that Presidential electors exercise Federal functions, a truism which further supports the power of Congress to legislate with respect to Presidential elections *Burroughs* v. *United States*, 290 U.S. 534 (1934).

The concept from which the right to vote for officers of the National government is derived is the recognition by the Supreme Court that there are certain basic rights of National citizenship which "arise from the relationship of the individual with the Federal government" and "are dependent upon citizenship of the United States, and not citizenship of a state." *U.S. v. Williams, supra; Slaughter-House Cases*, 16 Wallace 36, 80 (1872).

Thus, the rights belonging to National citizenship arise out of the very nature and existence of the National government. *Ward v. Maryland*, 12 Wallace 418 (1870); *Paul v. Virginia*, 8 Wallace 168, 180 (1868). The right to vote in National elections is among these fundamental rights since it is basic to the scheme of the Constitution that we shall enjoy a representative-type of government with National officers who are as responsive as possible to the people.

II. THE RIGHT TO VOTE FOR NATIONAL OFFICERS IS A PRIVILEGE OF NATIONAL CITIZENSHIP

Section I of the Fourteenth Amendment provides that "No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States." The right to vote for National officers has not only been recognized as being among the "rights" of National citizenship, but also among the "privileges" granted or secured by the Constitution. *In re Quarles, supra; Twining v. New Jersey, supra.* Accordingly, Congress is free to enforce the privilege of voting pursuant to section 5 of the Fourteenth Amendment, the Enforcement Clause.

III. THE FREEDOM TO TRAVEL IS A PRIVILEGE OF UNITED STATES CITIZENSHIP

The freedom to travel across State lines has long been held to occupy a position fundamental to "the nature of our Federal Union and our Constitutional concepts of personal liberty." *Shapiro v. Thompson*, 394 U.S. 634, 639 (1969); *United States v. Guest*, 383 U.S. 745, 757 (1966); *Crandall v. Nevada*, 6 Wallace 35, 47 (1867).

In *Kent v. Dulles*, 357 U.S. 116, 126 (1958), the Supreme Court clearly equated the right of interstate travel with the right to travel abroad:

"Freedom of movement across frontiers in either direction, and inside frontiers as well, was a part of our heritage. Travel abroad, like travel within the country, may be necessary for a livelihood. It may be as close to the heart of the individual as the choice of what he eats, or wears, or reads. Freedom of movement is basic in our scheme of values." *Id.*, at 126.

Thus, the freedom to travel abroad has been held to be an important aspect of the citizen's "liberty," guaranteed in the Due Process Clause of the Fifth Amendment. *Kent, supra*, at 127; *Aptheker v. Secretary of State*, 378 U.S. 500, 505 (1964). Indeed freedom of movement is considered of such great importance, the Supreme Court has held that a Federal restriction upon the personal liberty of travel outside the United States was unconstitutional even though a substantial governmental interest was asserted in support of the restriction on grounds of national security. *Aptheker, id.*, at 508.

Since it is well settled that the Fourteenth Amendment operates to extend the same protection against State legislation, affecting life, liberty, and property, as is offered by the Fifth Amendment, Congress has full power to secure the liberty of free travel against unnecessary State restraint. *Hibben v. Smith*, 191 U.S. 310, 325 (1903).

IV. CONGRESS HAS POWER TO PROTECT RIGHTS AND PRIVILEGES OF NATIONAL CITIZENSHIP UNDER BOTH THE NECESSARY AND PROPER CLAUSE AND THE FOURTEENTH AMENDMENT

With respect to protection and facilitation of the exercise of rights or privileges of United States citizenship, the Supreme Court has ruled that Congress may act under the Necessary and Proper Clause of Article I of the Constitution. As it was stated by Chief Justice Waite in *United States v. Reese*, 92 U.S. 214, 217 (1875), the "rights and immunities created by or dependent upon the Constitution of the United States can be protected by Congress." See also *Strauder v. West Virginia*, 100 U.S. 303, 310 (1879). As in all cases involving the reserved powers of the States, the applicable rule under which Congress may legislate is the classic formulation by Chief Justice Marshall in *McCulloch v. Maryland*, 4 Wheaton 316, 421 (1819). If the end be legitimate and within the scope of the Constitution, Congress can choose any means which has a rational basis.

This principle was upheld in *United States v. Texas*, 252 Fed. Supp. 234 (1966), striking down the poll tax system in Texas. The case involved an action brought under section 10 of the Voting Rights Act of 1965 in which Congress found that payment of a poll tax as a precondition to voting denies or abridges the Constitutional right of citizens to vote. In holding that the Texas poll tax must fall, the Court placed its decision squarely on the ground that the right to vote is "one of the fundamental rights included within the concept of liberty." *Id.*, at 250. The Supreme Court upheld this ruling in *Texas v. United States*, 384 U.S. 155 (1966).

The same rule of *McCulloch v. Maryland* is applicable to measure the exercise of Congress' power to enforce the guarantees of the Fourteenth Amendment. For example, see *Katzenbach v. Morgan*, 384 U.S. 641, at 650, 651 (1966), upholding the constitutionality of section 4(e) of the Voting Rights Act of 1965 which prohibits enforcement of the New York State English language literacy test against New York residents from Puerto Rico.

V. S. 2102 IS APPROPRIATE LEGISLATION

Applying the above principles to the subject legislation, it is clear S. 2102 is constitutional. Its end is clearly legitimate. Its object is to protect and enhance the right of almost one million United States citizens overseas to exercise the franchise in Federal elections. These citizens have a direct and great interest in decisions and policies acted upon by the President and Congress and are substantially affected by decisions made by the Executive and Congress jointly. Federal action is required if these citizens are to be brought within the workings of representative government. No single State can undertake to guarantee the franchise to all these persons. In order to establish a uniform means by which all national citizens can be guaranteed an equal opportunity to vote in national elections, it is necessary for Congress to act.

In acting to facilitate and protect the rights to vote and travel, the record indicates Congress is concerned with at least three categories of overseas citizens, all of whom it seeks to enfranchise in Federal elections. A professional survey of United States citizens abroad, which was recently compiled for the Department of Defense pursuant to the Federal Voting Assistance program, provides the best evidence available as to the characteristics of these citizens. An analysis of applicable principles proves Congress is acting within the scope of the Constitution with respect to each of these categories of citizens.

VI. CONGRESS CAN PROVIDE UNIFORM PROCEDURES FOR ABSENTEE RESIGNATION AND VOTING IN FEDERAL ELECTIONS

The recent Department of Defense survey indicates that there are 630,300 Americans abroad who are presently eligible to vote based on age, citizenship, and legal residence criteria. As to this class of citizens Congress is concerned only wth removing technical limitations of State and local law which unnecessarily restrict their opportunity to vote and consequently burden the privilege of travel as well. Congress is concerned that these citizens, who are admittedly, bona fide residents of the several States shall not be disenfranchised by mere lack of minimal voting processes. For this reason, Congress proposes to enact uniform national standards with respect to the means for absentee registration and voting by such residents in order to provide them with the fullest opportunity for exercising the franchise.

The basic standards which Congress uses in S. 2102 are derived from section 202 of

the Voting Rights Act of 1965, which in turn were drawn from the proven practice of the States themselves. Congress has found that these practices were successfully applied by many States with respect to some of their residents without significant fraud or administrative difficulty and has accordingly found there is no compelling reason why the States should not apply the same standards to all of their residents on a national, uniform basis. See testimony of Senator Goldwater, "Amendments to the Voting Rights Act of 1965," Hearings before the Subcomm. on Const. Rights, Senate Comm. on the Judiciary, 91st Cong., 1st and 2d Sess. (1969–1970), at 277–306.

VII. CONGRESS CAN ENACT A UNIFORM DEFINITION OF RESIDENCE FOR VOTING PURPOSES IN FEDERAL ELECTIONS

A second class of overseas citizens who are covered by S. 2102 includes persons who are ineligible to vote because of strict residence restrictions, but who plan to return to States that have been their homes before residing abroad. According to the recent survey made for the Department of Defense, there are up to 334,000 Americans of voting age who may be in this category. Giving proper consideration to the interests of the States, Congress can legislate a uniform definition of residence for voting purposes in Federal elections in order to secure the fundamental right to vote and freedom of travel for these citizens. If a person who departs a State for overseas has an intent to return to that State and considers himself still to be a resident of that State for voting purposes, Congress has a rational basis for determining that these persons remain bona fide residents of the State for purposes of voting in Federal elections.

All States now permit absentee servicemen and their accompanying dependents to register and vote from abroad and this has not caused any significant problems of fraud or administrative difficulty. The universal rule applied by States to servicemen and their dependents is one of intent. These persons do not lose or abandon the voting residence they had when the military member entered the service, nor do they acquire one at the place where he or she serves, irrespective of the duration of actual residence at such place. American Jurisprudence, 2nd, Elections, section 75.

Since all States have successfully administered their elections under the liberal test of residence applied to military personnel and since the total numbers of absentee residents so continued on the voting rolls exceeds the combined total of persons accorded the same rights by S. 2102, Congress may rationally conclude that the setting of a uniform definition of residence for voting purposes based on the same criteria applicable to servicemen and their dependents is an appropriate and workable means for protecting the vote of citizens overseas in Federal elections and their liberty of travel without penalty by reason of loss of the vote.

VIII. THERE IS NO COMPELLING STATE INTEREST IN IMPOSING A STRICT RESIDENCE TEST AGAINST AMERICANS OVERSEAS

Though the general proposition may be accepted that a State may require its voters to be bona fide residents, the Supreme Court has made it clear that the States may not use a test of residence as a technical device for sweeping an entire classification off the voting rolls unless the restriction is *necessary* to promote a compelling State interest. For example, State determinations that certain classes of citizens were not residents for voting purposes were overturned in at least three recent cases because the residence rules were found not necessary to serve any compelling State interest. *Carrington v. Rash*, 380 U.S. 89, 95, 96 (1965), *Evans v. Cornman*, 398 U.S. 419, 424, 426 (1970); *Dunn v. Blumstein*, 405 U.S. 330, 337 (1972).

Congress has here determined that there is no compelling governmental interest in restricting the right to vote and penalizing the right to travel of Americans overseas who possess a nexus with a particular State. Though the States have a obvious interest in preserving the basic conception of their political communities, they have shown themselves able to do this while using a broad standard of residence in the case of servicemen and their accompanying dependents. Thus, a stricter rule than that applied to servicemen and their families cannot be said to be necessary.

Moreover, S. 2102, is applicable only to Federal elections and not to filling local public offices. Federal elections are substantially national and international in scope and to a large extent the issues cut across all areas and regions of our country. Whatever the interest of States in limiting the definition of residence in the case of voters for State, county and municipal offices, there is no compelling need for using a stricter rule in Federal elections than the one which is set forth in S. 2102.

Nor will enactment of the broad definition of residence required by S. 2102 abrogate all State functions with respect to the qualifications of voters in Federal elections. States will retain the power to test whether an applicant for absence registration or voting (1) is of legal age, (2) is incapacitated by reason of insanity, (3) is disqualified as a convicted felon, (4) meets the prescribed time and manner for making application, and (5) is truthful in statements made on registration or voting forms, such as with respect to a claim to actual past residence in a particular State.

Nor can a State properly argue that it is necessary to exclude all persons overseas from voting in Federal elections in order to guarantee that its voters will be minimally knowledgeable about the elections. It is common knowledge that Americans overseas have wide and immediate access to English language newspapers, journals and news programs circulated and broadcast in foreign areas. These private sources of information are supplemented by the services of the Armed Forces Network, Voice of America, and USIA libraries which are well known to Americans abroad in even the most isolated of places.

The acute interest and awareness of Americans overseas in Federal elections is apparent on the record. In fact, the Department of Defense survey of persons overseas shows that at least 151,000 Americans, not including Federal employees or servicemen, voted in the 1972 election while residing abroad. There is nothing to support an assumption that citizens overseas are uninformed or uninterested in Federal elections and any such argument would crudely and impermissibly exclude large numbers of otherwise fully qualified voters.

Nor can a State claim that it must exclude persons overseas from voting because they might hold a different viewpoint than persons who have not been absent from the State. The Supreme Court has ruled time after time that differences of opinion may not be the basis for excluding any group of persons from the franchise. See the discussion of cases set forth in *Dunn v. Blumstein*, supra, at 355–356.

A similar analysis is applicable with respect to the small numbers of citizens overseas who do not intend to return. According to the Department of Defense survey of citizens overseas, this group may include some 26,500 persons. The critical fact with respect to Congress' power to secure the vote in Federal elections for these persons in that there are numerous and vital ways in which these individuals are affected by the decisions and policies acted on by Federal officers. *Evans v. Cornman, supra,* at 424. Although they are outside the country, these persons are subject to the United States Internal Revenue Code, retirees among them may be directly affected by changes in the Civil Service retirement and Social Security programs, and they are greatly affected by trade and tariff measures, export controls, and foreign policy decisions, among many other actions and programs dealt with by the Executive and Congress jointly. These persons have distinct, direct and great interests in the election of Federal officers and Congress may protect their stake in these elections by providing a uniform procedure for implementing the exercise of their vote in these elections so long as such persons have a past nexus with the particular State in which they seek to vote.

IX. SUMMARY

Without regard to whether the Judiciary itself would find that State restrictions on the vote of overseas residents are unconstitutional, Congress may act to protect the rights to vote and travel by enacting uniform, national standards for Federal elections. Time and again, the Supreme Court has announced that "the right of suffrage is a fundamental matter in a free and democratic society" and "is preservative of other basic civil and political rights." *Reynolds v. Sims*, 377 U.S. 533, 561, 562 (1964); *Kramer v. Union Free School District*, 395 U.S. 621, 626 (1969). The Court has further indicated that, "No right is more precious in a free country than that of having a voice in the election of those who make the laws under which, as good citizens, we must live." *Wesberry v. Sanders*, 376 U.S. 1, 17 (1964). If this is so, surely Congress can act to protect the right of Americans abroad to participate in the choice of Federal officers whose decisions affect them personally and directly.

In so acting, Congress need not assert a general power to prescribe qualifications for voters in Federal elections. S. 2384 is confined to Federal action against a particular problem clearly within the purview of Congress' powers to facilitate and protect the personal rights and privileges which the Supreme Court has found to be guaranteed to each citizen by the Federal Constitution.

APPENDIX B

UNITED STATES TREATIES AND STATES HAVING A SIGNIFICANT EFFECT UPON AMERICAN CITIZENS LIVING ABROAD

PART I—TREATIES

Subpart A—Bilateral

Afghanistan

General Relations:

Provisional agreement in regard to friendship and diplomatic and consular representation, (Paris, 1936), 49 Stat. 3873, EAS 88, 168 LNTS 143.

Albania

Nationality:

Treaty of naturalization, (Tirana, 1932), 47 Stat. 3241, TS 892, 162 LNTS 31.

Argentina

Social Security:

Agreement relating to the payment of old-age, survivors, and disability benefits to beneficiaries residing abroad. (Buenos Aires, 1972), TIAS 7458.

Taxation:

Agreement for relief from double taxation on earnings derived from operation of ships and aircraft. (Washington, 1950), 1 UST 473; TIAS 2088; 89 UNTS 63.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to oper-

ate their stations in the other country. Exchange of notes at Buenos Aires, 1967, 18 UST 361; TIAS 6243; 636 UNTS 95.

Agreement relating to radio communications between amateur stations on behalf of third parties. (Buenos Aires, 1967), 18 UST 365; TIAS 6244; 636 UNTS 103.

Australia

Property:

Conventions between the United States and the United Kingdom applicable to Australia from April 3, 1902.

Convention relating to tenure and disposition of real and personal property, (Washington, 1899), 31 Stat. 1939; TS 146; I Malloy 774).

Supplementary convention extending the time within which notification may be given of the accession of British colonies or foreign possessions to the convention of March 2, 1899, (Washington, 1902), 32 Stat. 1914; TS 402; I Malloy 776).

Supplementary convention relating to the tenure and disposition of real and personal property, (Washington, 1936), 55 Stat. 1101; TS 964; 203 LNTS 367.

Taxation:

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on gifts, (Washington, 1953), 4 UST 2264; TIAS 2879; 205 UNTS 237.

Convention for avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, (Washington, 1953), 4 UST; TIAS 2880; 205 UNTS 253.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on the estates of deceased persons, (Washington, 1953), 5 UST 92; TIAS 2093; 205 UNTS 277.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, (Canberra, 1965), 16 UST 973; TIAS 5836; 541 UNTS 155.

Austria

General Relations:

Treaty establishing friendly relations, (Vienna, 1921), 42 Stat. 1946; TS 659; III Redmond 2493; 7 LNTS 156.

Property:

Agreement concerning the disposition of certain United States property in Austria, (Vienna, 1955), 7 UST 223 TIAS 3499; 272 UNTS 31.

Telecommunications:

Agreement relating to the operation of amateur radio station, (Vienna, 1967), TIAS 6378; 18 UST 2878; 634 UNTS 43.

Barbados

Property:

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property, (Washington, 1899), 31 Stat. 1939; TS 146; I Malloy 774.

Supplementary convention amending article IV and 2d paragraph of article II of the convention of March 2, 1899 between the United States and the United Kingdom relating to the tenure and disposition of real and personal property, (Washington, 1936), 55 Stat. 1101; TS 964; 203 LNTS 367.

Taxation:

Convention and supplementary protocol between the United States and the United Kingdom relating to the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, (Washington, 1945), 60 Stat. 1377; TIAS 1546; 6 UNTS 189).

Supplementary protocol between the United States and the United Kingdom amending the convention of April 16, 1945, as amended, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. (Washington, 1954), 6 UST 1329; TIAS 4124; 336 UNTS 330).

Agreement between the United States and the United Kingdom relating to the application of the income tax convention of April 16, 1945, as amended, to specified British territories, (Washington, 1957), 9 UST 1459; TIAS 4141; 351 UNTS 368.

Supplementary protocol between the United States and the United Kingdom amending the convention of April 16, 1945, as amended, for the avoidance of fiscal evasion with respect to taxes on income, (London, 1966), 17 UST 1254; TIAS 6089).

Telecommunications:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, (Bridgetown, 1968), 19 UST 5994; TIAS 6553.

Belgium

Automotive Traffic:

Agreement regarding the facilitation of road travel in the United States for holders of Belgian driving permits and in Belgium for holders of United States driving permits, (Brussels, 1971), 22 UST 1525; TIAS 7172.

Taxation:

Agreement relating to relief from double income tax on shipping profits, (Washington, 1925), 49 Stat. 3871; EAS 87; 166 LNTS 333.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, (Brussels, 1970), TIAS 7463.

Agreement for the avoidance of double taxation on profits derived from the operation of aircraft, (Washington, 1953), 4 UST 2030; TIAS 2858; 180 UNTS 9.

Telecommunications:

Agreement relating to the reciprocal granting of authorization to permit licensed amateur radio operators of either country to operate their stations in the other country, (Brussels, 1965), 16 UST 869; TIAS 5824; 549 UNTS 95.

Bolivia

Telecommunication:

Agreement relating to radio communications between amateur stations on behalf of third parties, (La Pez, 1961), 12 UST 1695; TIAS 4888; 424 UNTS 93.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, (La Paz, 1965), 16 UST 165; TIAS 5777; 542 UNTS 209.

Brazil

Taxation:

Arrangement providing for relief from double income tax on shipping profits, (Rio de Janeiro, 1929), 47 Stat. 2620; EAS 16; 126 LNTS 465.

Telecommunications:

Agreement relating to radio communications between amateur stations on behalf of third parties, (Washington, 1965), 16 UST 821; TIAS 5816; 546 UNTS 195.

Bulgaria

Claims:

Agreement regarding claims of United States nationals and related financial matters, with exchanges of letters, (Sofia, 1963), 14 UST 969; TIAS 5387; 479 UNTS 245.

Nationality:

Naturalization treaty, (Sofia, 1924), 43 Stat. 1759; TS 684; IV Trenwith 3972; 25 LNTS 238.

Burma

Property:

Convention between the United States and the United Kingdom relating to tenure and disposition of real and personal property, (Washington, 1899), 31 Stat. 1939; TS 146; I Malloy 774.

Property:

Supplementary convention between the United States and the United Kingdom extending the time within which notifications may be given of the accession of British colonies or foreign possessions to the convention of March 2, 1899, (Washington, 1902), 32 Stat. 1914; TS 402; I Malloy 776.

Burundi

Taxation:

Convention between the United States and Belgium for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, (Washington 1948), 4 UST 1647; TIAS 2833; 173 UNTS 67.

Convention between the United States and Belgium modifying and supplementing convention of October 28, 1948, (Washington, 1952), 4 UST 1647; TIAS 2833; 173 UNTS 67.

Convention between the United States and Belgium supplementing the convention of October 28, 1948, as modified, for the avoidance of double taxation with respect to taxes on income, (Washington, 1957), 19 UST 1358; TIAS 4280, 356 UNTS 366.

Agreement between the United States and Belgium relating to the extension of the operation of the income tax convention of 1948, as supplemented, to the Belgium Congo and the Trust Territory of Ruanda-Urundi, (Washington, 1954), 10 UST 1358; TIAS 4280; 356 UNTS 370.

Canada

Consuls:

Arrangement relating to visits of consular officers to citizens of their own country serving sentences in penal institutions, (Ottawa, 1935).

Judicial Procedure:

Arrangement relating to the admission to practice before patent offices. (Washington, 1937), 52 Stat. 1475; EAS 118; 187 LNTS 27.

Labor:

Agreement relating to unemployment insurance benefits, (Ottawa, 1942), 56 Stat. 1451; EAS 244; 119 UNTS 295.

Agreement relating to workmen's compensation and unemployment insurance in connection with construction projects in Canada, (Ottawa, 1942), 56 Stat. 1770; EAS 279; 24 UNTS 217.

Property:

Convention between the United States and the United Kingdom relating to tenure and disposition of real and personal property, (Washington, 1899), 31 Stat. 1939. TS 146: I Malloy 774.

Supplementary convention providing for the accession of the Dominion of Canada to the real and personal property convention of March 2, 1899, (Washington, 1921). 42 Stat. 2147; TS 663; III REdmond 2657; 12 LNTS 425.

Social Security:

Agreement relating to Canada Pension Plan. (Ottawa, 1967) 18 UST 486; TIAS 6254.

Taxation:

Arrangement relating to relief from double income tax on shipping profits, (Washington, 1928), 47 Stat. 2580; EAS 4; 95 LNTS 209.

Convention and protocol for the avoidance of double taxation and prevention of fiscal evasion in the case of income taxes, (Washington, 1942), 56 Stat. 1399; TS 983 124 UNTS 271.

Convention modifying and supplementing the convention and accompanying protocol of March 4, 1942 for the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes, (Ottawa, 1950), 2 UST 2235; TIAS 2347; 127 UNTS 67.

Taxation:

Convention further modifying and supplementing the convention and accompany-

ing protocol of March 4, 1942, for the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes, as modified by the supplementary convention of June 12, 1950, (Ottawa, 1956), 8 UST 1619; TIAS 3916; 293 UNTS 344.

Convention further modifying and supplementing the convention and accompanying protocol of March 4, 1942 for the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes, as modified by the supplementary conventions of June 12, 1950 and August 8, 1956, (Washington, 1966), TIAS 6415.

Convention for the avoidance of double taxation and the prevention of fiscal evasion in the case of estate taxes and succession duties, (Ottawa, 1944), 59 Stat. 915; TS 989; 124 UNTS 297.

Convention modifying and supplementing the convention of June 8, 1944 for the avoidance of double taxation and the prevention of fiscal evasion in the case of estate taxes and succession duties, (Ottawa, 1950), 2 UST 2247; TIAS 2348; 127 UNTS 57.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on the estates of deceased persons, (Washington, 1961), 13 UST 382; TIAS 4995; 45 UNTS 143.

Telecommunication:

Convention relating to the operation by citizens of either country of certain radio equipment or stations in the other country, (Ottawa, 1951), 3 UST 3787; TIAS 2508; 207 UNTS 17.

Ceylon

Property:

Convention between the United States and the United Kingdom relating to tenure and disposition of real and personal property, (Washington, 1899), 31 Stat. 1939; TS 146; I Malloy 774.

Chile

Amity:

Treaty of peace amity, commerce, and navigation, with additional and explanatory convention signed at Santiago September 1, 1833 (Santiago, 1832), 8 Stat. 434; TS 40; I Malloy 171.

Telecommunication:

Agreement relating to radio communications between amateur stations on behalf of third parties (Santiago, 1934), 49 Stat. 3667; EAS 72; 147 LNTS 15.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country (Washington, 1967), TIAS 6380.

China—Republic of

Language and Area Studies School:

Agreement concerning the status of the American Embassy School of Chinese Language and Area Studies at Taichung and its personnel and of Chinese Embassy personnel studying in the Washington area (Taipei, 1969), 20 UST 2856; TIAS 6759.

Colombia

Consuls:

Consular convention,[1] (Washington, 1850).

Taxation:

Agreement for relief from double taxation on earnings from operations of ships and aircraft (Washington, 1961), 12 UST 3141; TIAS 4916; 433 UNTS 123.

Telecommunication:

Agreement relating to radio communications between amateur stations on behalf of third parties (Bogota, 1963), 14 UST 1754; TIAS 5483; 494 UNTS 49.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country (Bogota 1965), 16 UST 1742; TIAS 5899, 514 UNTS 109.

Congo—Brazzaville

Treaty Obligations:

Treaty obligations assumed by the Congo upon its independence (Brazzaville, 1961), 13 UST 2065; TIAS 5161; 603 UNTS 19.

Congo—Kinshasa

Taxation:

Convention between the United States and Belgium for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, (Washington, 1952), 4 UST 1647; TIAS 2833; 173 UNTS 67.

Convention between the United States and Belgium modifying and supplementing convention of October 28, 1948. (Washington, 1952); 4 UST 1647; TIAS 2833; 173 UNTS 67.

Convention between the United States and Belgium Supplementing the convention of October 28, 1948, as modified for the avoidance of double taxation with respect to taxes on income, (Washington, 1957), 10 UST 1358; TIAS 4280; 356 UNTS 366.

Agreement between the United States and Belgium relating to the extension of the operation of the income tax convention of 1948, as supplemented, to the Belgian Congo and the Trust Territory of Ruanda-Urundi, (Washington, 1954), 10 UST 1358; TIAS 4280; 356 UNTS 370.

Costa Rica

Consuls:

Consular convention, (San Jose, 1948), 1 UST 247; TIAS 2045; 70 UNTS 27.

Nationality:

Convention to fix the conditions of naturalization of citizens who renew their residence in country of their origin, (San Jose, 1911), 37 Stat. 1603; TS 570; I11 Redmond 2544.

Telecommunication:

Agreement relating to radio communications between amateur stations on behalf of third parties. Exchange of notes at Washington August 13 and October 19, 1956; entered into force October 19, 1956. 7 UST 2839; TIAS 3665; 278 UNTS 65.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at San Jose August 17 and 24, 1964; entered into force August 24, 1964. 15 UST 1787; TIAS 5649; 531 UNTS 107.

Cuba

Treaty of relations. Signed at Washington May 29, 1934; entered into force June 9, 1934. 48 Stat. 1682; TS 866; Trenwith 4054.

Cyprus

Property:

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington March 2, 1899; made applicable to Cyprus February 9, 1901. 31 Stat. 1939; TS 146; 1 Malloy 774.

Visas:

Agreement relating to the reciprocal waiver of fingerprinting requirements for nonimmigrants. Exchange of notes at Nicosia July 11, 1962 and January 11, 1963; entered into force January 11, 1963. 14 UST 6; TIAS 5271; 471 UNTS 127.

Denmark

Automotive traffic:

Agreement relating to reciprocal treatment of passenger motor vehicles. Exchange of notes at Bar Harbor, Maine, September 4, 1928, and at Washington October 27, 1928, and February 2, 1929, 48 Stat. 1871; EAS 61.

Nationality:

Convention relating to naturalization Signed at Copenhagen July 20, 1872; entered into force March 14, 1873. 17 Stat. 941; TS 69; I Malloy 384.

Taxation:

Agreement relating to relief from double income tax on shipping profits. Exchanges of notes at Washington May 22, August 9 and 18, October 24, 25, and 28, and December 5 and 6, 1922; entered into force December 6, 1922; operative January 1, 1921. 47 Stat. 2612; EAS 14; 113 LNTS 381.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington May 6, 1948; entered into force December 1, 1948; operative January 1, 1948 for U.S. tax and April 1, 1948 for Danish tax. 62 Stat. 1730; TIAS 1854; 26 UNTS 55.

Agreement for the waiver of visa requirements for American citizens entering Denmark for a temporary period, and the granting of gratis visas valid for twenty-four months to Danish subjects coming to the United States for temporary visits. Exchanges of notes at Copenhagen June 9 and 21 and July 7 and 8, 1947; entered into force July 8, 1947. 62 Stat. 4068; TIAS 2110; 132 UNTS 145.

Amendment: April 30 and May 1, 1958.

Dominican Republic

Labor:

Agreement relating to workmen's compensation in connection with certain projects under construction or operation in the Dominican Republic. Exchange of notes at Ciudad Trujillo October 14 and 19, 1943; entered into force October 19, 1943. 57 Stat. 1180; EAS 353; 21 UNTS 295.

Telecommunication:

Agreement relating to radio communications between amateur stations on behalf of third parties. Exchange of notes at Santo Domingo April 18 and 22, 1963; entered into force May 22, 1963. 14 UST 817; TIAS 5360; 487 UNTS 169.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Santo Domingo January 28 and February 2, 1965; entered into force February 2, 1965. 16 UST 93; TIAS 5766; 542 UNTS 117.

Ecuador

Telecommunication:

Agreement relating to radio communications between amateur stations on behalf of third parties. Exchange of notes at Quito March 16 and 17, 1950; entered into force March 17, 1950. 3 UST 2672; TIAS 2433; 177 UNTS 115.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Cuito March 26, 1965; entered into force March 26, 1965. 16 UST 181; TIAS 5779; 542 UNTS 237.

El Salvador

Labor:

Arrangement relating to workmen's compensation and unemployment insurance for American citizens employed on projects in El Salvador, (San Salvadore, 1943), 7 Bevas 586.

Nationality:

Convention to fix the condition of naturalized citizens who renew their residence in the country of their origin. Signed at San Salvador March 14, 1908; entered into force July 20, 1908. 35 Stat. 2038; TS 503; II Malloy 1570.

Telecommunication:

Arrangement relating to radio communications between amateur stations on behalf of third parties.

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[1]Art. III, pars. 8 and 11, abrogated by the United States as of July 1, 1916 in accordance with the Seamen's Act (38 Stat. 1164). 10 Stat. 900; TS 55; I Malloy 314.

Exchange of notes at San Salvador April 5, 1962; entered into force May 5, 1962. 13 UST 411; TIAS 5001; 442 UNTS 41.

Agreement relating to the granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country.

Exchange of notes at San Salvador May 24 and June 5, 1967; entered into force June 5, 1967. TIAS 6309; 18 UST 1661.

Ethiopia

Trade and commerce:

Treaty of amity and economic relations, and related notes. Signed at Addis Ababa September 7, 1951; entered into force October 8, 1953. 4 UST 2134; TIAS 2864; 206 UNTS 41.

Fiji

Consuls:

Consular convention between the United States and the United Kingdom, (Washington, 1951), 3 UST 3426; TIAS 2494; 165 UNTS 121.

Agreement continuing in force between the United States and Fiji the consular convention of June 6, 1951 (3 UST 3426) between the United States and the United Kingdom, (Suva and Washington, 1972).

Property:

Convention relating to tenure and disposition of real and personal property, (Washington, 1899), 31 Stat. 1939.

Supplementary convention amending article IV and paragraph 2 of Article VI of the convention relating to the tenure and disposition of real and personal property of March 2, 1899, (Washington, 1936), 55 Stat. 1101; TS 964; 203 LNTS 367.

Agreement continuing in force between the United States and Fiji the convention of March 2, 1899 and May 27, 1936 between the United States and the United Kingdom relating to tenure and disposition of real and personal property, (Suva and Washington, 1971), 22 UST 1806; TIAS 7222.

Telecommunications:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, (London, 1965), 16 UST 2047; TIAS 5941; 561 UNTS 193.

Agreement extending to certain territories the application of the agreement of November 25, 1965 relating to the reciprocal granting of authorizations to permit licensed amateur radio operator of either country to operate their stations in the other country, (London, 1969), 20 UST 4089; TIAS 6800.

Agreement continuing in force between the United States and Fiji the agreement of November 25, 1965 between the United States and the United Kingdom relating to the reciprocal granting of authorizations to permit licensed amatuer radio operators of either country to operate their stations in the other country, (Suva and Washington, 1972), TIAS 7417.

Finland

Nationality:

Convention regulating military obligations of persons having dual nationality. Signed at Helsinki January 27, 1939; entered into force October 3, 1939. 54 Stat. 1712; TS 953; 201 LNTS 197.

Taxation:

Convention with respect to taxes on income and property, (Washington, 1970), 22 UST 40; TIAS 7042.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates and inheritances. Signed at Washington March 3, 1952; entered into force December 18, 1952. 3 UST 4464; TIAS 2595; 177 UNTS 141.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Helsinki December 15 and 27, 1967; entered into force December 27, 1967. TIAS 6406; 18 UST 3153.

Trade and Commerce:

Treaty of friendship, commerce, and consular rights, and protocol. Signed at Washington February 13, 1934; entered into force August 10, 1934. 49 Stat. 2659; TS 868; IV Trenwith 4138; 152 LNTS 45.

Protocol modifying art. IV of the treaty of friendship, commerce, and consular rights of February 13, 1934. Signed at Washington December 4, 1952; entered into force September 24, 1953. 4 UST 2047; TIAS 2861; 205 UNTS 149.

France

Consuls:

Consular convention, with protocol and exchanges of notes. Signed at Paris July 18, 1966; entered into force January 7, 1968. TIAS 6389; 18 UST 2939.

Nationality:

Agreement relating to the fulfillment of military obligations during the wars of 1914–1918 and 1939–1945 by persons with dual nationality. Exchange of notes at Paris December 22, 1948; entered into force December 22, 1948. 62 Stat. 3621; TIAS 1876; 67 UNTS 38.

Extension:

November 18 and December 31, 1952 (3 UST 5345; TIAS 2741; 185 UTS 396).

Taxation:

Agreement relating to relief from double income tax on shipping profits. Exchange of notes at Washington June 11 and July 8, 1927; entered into force July 8, 1927; operative from January 1, 1921. 47 Stat. 2604; EAS 12; 114 LNTS 413.

Convention for the avoidance of double taxation and the prevention of evasion in the case of taxes on estates and inheritances, and modifying and supplementing the convention relating to income taxation signed July 25, 1939. Signed at Paris October 18, 1946; entered into force October 17, 1949. 64 Stat. (3) B3; TIAS 1982; 140 UNTS 23.

Protocol modifying the convention signed October 18, 1946, for the avoidance of double taxation and the prevention of evasion in the case of taxes on estates and inheritances, and modifying and supplementing the convention relating to income taxation signed July 25, 1939. Signed at Washington May 17, 1948; entered into force October 17, 1949. 64 Stat. (3) B28; TIAS 1982; 140 UNTS 50.

Convention supplementing the conventions of July 25, 1939 and October 18, 1946 relating to the avoidance of double taxation, as modified and supplemented by the protocol of May 17, 1947. Signed at Washington June 22, 1956; entered into force June 13, 1957. 8 UST 843; TIAS 3844; 281 UNTS 101.

Taxation:

Convention with respect to taxes on income and property with exchanges of notes (Paris, 1967), 19 UST 5280; TIAS 6518.

Protocol to the convention of July 28, 1967 with respect to taxes on income and property with exchange of notes, (Washington, 1970), 23 UST 20; TIAS 7270.

Telecommunications:

Amendment: October 3, 1969: 20 UST 2398; TIAS 6711.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operations of either country to operate their stations in the other country. Exchange of notes at Paris May 5, 1966; entered into force July 1, 1966. 17 UST 719; TIAS 6022; 593 UNTS 279.

Gambia

Property: Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington March 2, 1899; applicable to Gambia February 9, 1901. 31 Stat. 1939; TS 146; I Malloy 774.

Supplementary convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington May 27, 1936; entered into force March 10, 1941. 55 Stat. 1101; TS 946; 203 LNTS 367.

Taxation:

Convention and protocol between the United States and the United Kingdom relating to the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington April 16, 1945; applicable to Gambia January 19, 1959. 60 Stat. 1377; TIAS 1546; 6 UNTS 189.

Supplementary protocol amending the convention of April 16, 1945 between the United States and the United Kingdom relating to the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington May 25, 1954; applicable to Gambia January 19, 1959. 6 UST 37; TIAS 3165; 207 UNTS 312.

Supplementary protocol amending the convention of April 16, 1945 between the United States and the United Kingdom relating to the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signal at Washington August 19, 1957; applicable to Gambia January 19, 1959. 9 UST 1329; TIAS 4124; 336 UNTS 330.

Agreement between the United States and the United Kingdom relating to the application of the convention of April 16, 1945 to specified British territories. Exchange of notes at Washington August 19, 1957 and December 3, 1958; applicable to Gambia January 19, 1959. 9 UST 1459; TIAS 4141; 351 UNTS 368.

Germany

Defense:

Understanding relating to maintenance claims for illegitimate children of members of foreign forces stationed in the Federal Republic of Germany, with annexes.

Exchange of notes at Bonn August 3, 1959; entered into force July 1, 1963, 14 UST 689; TIAS 5352, p. 41; 490 UNTS 114.

Agreement relating to reciprocal legal assistance in penal matters and information from penal register.[1] Exchange of notes at Bonn November 7 and December 28, 1960; and January 3, 1961; entered into force January 3, 1961. 12 UST 1156; TIAS 4826; 416 UNTS 93.

Social Security:

Agreement on the pension insurance of certain employees of the United States Army, (Bonn, 1970), TIAS 7326.

Taxation:

Convention for the avoidance of double taxation with respect to taxes on income. Signed at Washington July 22, 1954; entered into force December 20, 1954. 5 UST 2768; TIAS 3133; 239 UNTS 3.

Agreement concerning tax relief to be accorded by the Federal Republic of Germany to United States expenditures in interest of the common defense, with annex and exchange of letter. Signed at Bonn October 15, 1954; entered into force November 8, 1955. 6 UST 3081; TIAS 3360; 239 UNTS 135.

Protocol modifying the convention signed July 22, 1954, for the avoidance of double taxation with respect to taxes on income. Signed at Bonn September 17, 1965; entered into force December 27, 1965. 16 UST 1875; TIAS 5920; 578 UNTS 224.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their station in the other country. Exchange of notes at Bonn June 23 and 30,

1966; entered into force June 30, 1966. 17 UST 1120; TIAS 6068; 601 UNTS 107.

Ghana

Property:

Convention between the United States and the United Kingdom relating to tenure and disposition of real and personal property. Signed at Washington March 2, 1899; made applicable to the Gold Coast July 6, 1901. 31 Stat. 1939; TS 146; 1 Malloy 774.

Agreement relating to treaty rights and obligations assumed by Ghana upon its independence. Exchange of notes at Accra September 4 and December 21, 1957; and February 12, 1958; entered into force February 12, 1958. 13 UST 240; TIAS 4966; 442 UNTS 175.

Greece

Consuls:

Convention concerning the rights and privileges of counsuls and protocol of amendment signed March 5/18, 1903. Signed at Athens November 19/December 2, 1902; entered into force July 9, 1903. 33 Stat. 2122; TS 424; I Malloy 855.

Taxation:

Convention and protocol for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on the estates of deceased persons. Signed at Athens February 29, 1950; protocol signed at Athens July 18, 1953; entered into force December 30, 1953. 5 UST 12; TIAS 2901; 196 UNTS 269.

Understanding regarding certain errors in the English text of the estate tax convention of February 20, 1950. Exchange of notes at Athens February 12, 1964; entered into force TIAS 3032; 222 UNTS 423.

Protocol modifying and supplementing the convention of February 20, 1950, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on the estates of deceased persons. Signed at Athens February 12, 1964; entered into force October 27, 1967. TIAS 6375; 632 UNTS 315.

Convention and protocol for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Athens February 20, 1950; protocol signed at Athens April 20, 1953; entered into force December 30, 1953. 5 UST 47; TIAS 2902; 196 UNTS 291.

Understanding regarding certain errors in the translation of the Greek text of the income tax convention of February 20, 1950. Exchange of notes at Washington November 29 and December 19, 1961. 13 UST 151; TIAS 4951; 435 UNTS 334.

[Arrangement suspended beginning January 1, 1953, for the duration of the income tax convention of February 20, 1950:

Arrangement concerning relief from double income tax on shipping profits. Exchanges of notes at Washington February 29 and April 26, 1928, and April 2 and June 10, 1929; entered into force June 10, 1929; operative January 1, 1921. 47 Stat. 2608; EAS 13; 92 LNTS 81.]

Guatemala

Amity:

Treaty of peace, amity, commerce, and navigation. Signed at Guatemala March 3, 1849; entered into force May 13, 1852. 10 Stat. 875; TS 149; I Malloy 861.

Telecommunications:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country (Guatemala, 1967), 20 UST 2883; TIAS 6766.

Property:

Convention relating to tenure and disposition of real and personal property. Signed at Guatemala August 27, 1901; entered into force September 26, 1902. 32 Stat. 1944; TS 412; I Malloy 876.

Guyana

Consuls: Consular convention between the United States and the United Kingdom. Signed at Washington June 6, 1951; entered into force September 7, 1952. 3 UST 3426; TIAS 2494; 165 UNTS 121.

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington March 2, 1899; made applicable to British Guiana June 17, 1901. 31 Stat. 1939; TS 146; I Malloy 774.

Supplementary convention amending article IV and paragraph 2 of article VI of the convention relating to the tenure and disposition of real and personal property of March 2, 1899. Signed at Washington May 27, 1936; entered into force March 10, 1941. 55 State. 1101; TS 964; 203 LNTS 367.

Telecommunications:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of their country to operate their stations in the other country, (Georgetown, 1968), 19 UST 4892; TIAS 6494.

Arrangement relating to radio communications between amateur stations on behalf of third parties, (Georgetown, 1972), TIAS 7355.

Haiti

Naturalization treaty. Signed at Washington March 22, 1902; entered into force March 19, 1904. 33 Stat. 2101; TS 432; I Malloy 939.

Treaty extending the time within which may be effected the exchange of ratifications of the treaty of naturalization of March 22, 1902. Signed at Washington February 28, 1903; entered into force March 19, 1904. 33 Stat. 2157; TS 433; I Malloy 941.

Agreement relating to exchange of lands in Haiti. Signed at Port-au-Prince October 19, 1942; entered into force October 19, 1942. 56 Stat. 1784; EAS 283; 120 UNTS 171.

Honduras

Nationality:

Naturalization convention. Signed at Tegucigalpa June 23, 1908; entered into force April 16, 1909. 36 Stat. 2160; TS 525; I Malloy 958.

Telecommunication:

Agreement relating to radio communications between amateur radio stations on behalf of third parties. Exchange of notes at Tegucigalpa October 26, 1959, and February 17, 1960, and related note of February 19, 1960, entered into force March 17, 1960. 11 UST 257; TIAS 4442; 371 UNTS 109.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Tegucigalpa December 29, 1966, January 24 and April 17, 1967; entered into force April 17, 1967. 18 UST 525; TIAS 6259.

Trade and Commerce:

Treaty of friendship, commerce, and consular rights. Signed at Tegucigalpa December 7, 1927; entered into force July 19, 1928. 45 Stat. 2618; TS 764; IV Trenwith 4306: 87 LNTS 421.

Trade agreement. Signed at Tegucigalpa December 18, 1935; entered into force March 2, 1936. 49 Stat. 3851; EAS 86; 167 LNTS 313. Agreement terminating the schedules, articles I, II, IV, and V, together with references of article V contained in article XVI, of the reciprocal trade agreement of December 18, 1935. Exchange of notes at Tegucigalpa January 18, 1961; entered into force January 18, 1961. 12 UST 84; TIAS 4677; 402 UNTS 169.

Iceland

Taxation:

Agreement for relief from double taxation on earnings from operation of ships and aircraft. Exchange of notes at Washington December 21 and 27, 1962; entered into force December 27, 1962. 13 UST 3827; TIAS 5255; 469 UNTS 91.

India

Property:

Convention between the United States and the United Kingdom applicable to India from June 30, 1902: Convention relating to tenure and disposition of real and personal property, signed at Washington March 2, 1899 (31 Stat. 1939; TS 146; I Malloy 774).

Supplementary convention extending the time within which notifications may be given of the accession of British colonies or foreign possessions to the convention of March 2, 1899, signed at Washington January 13, 1902 (32 Stat. 1914; TS 402; I Malloy 776).

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at New Delhi May 16 and 25, 1966; entered into force May 25, 1966. 17 UST 813; TIAS 6038; 593 UNTS 157.

Indonesia

Consuls:

Convention between the United States and the Kingdom of the Netherlands regarding consuls in the colonies of the Netherlands. Signed at The Hague January 22, 1855; entered into force May 25, 1855. 110 Stat. 1150; TS 253; II Malloy 1251.

Telecommunications:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country (Djakarta, 1968), 20 UST 490; TIAS 6654.

Iran

Trade and Commerce:

Treaty of amity, economic relations, and consular rights. Signed at Tehran August 15, 1955; entered into force June 16, 1957. 8 UST 899; TIAS 3853; 284 UNTS 93.

Agreement terminating the reciprocal trade agreement of April 6, 1943, as amended. Exchange of notes as Tehran July 27, 1960; entered into force July 27, 1960. UST 2163; TIAS 4581; 393 UNTS 338.

Ireland

Consuls:

Consular convention. Signed at Dublin May 1, 1950; entered into force June 12, 1954. 5 UST 949; TIAS 2984; 222 UNTS 107.

Supplementary protocol to the consular convention of May 1, 1950. Signed at Dublin March 3, 1952; entered into force June 12, 1954. 5 UST 949; TIAS 2984; 222 UNTS 107.

Property—Real and Personal:

Convention between the United States and the United Kingdom relating to tenure and disposition of real and personal property.[1] Signed at Washington March 2, 1899; entered into force August 7, 1900. 31 Stat. 1939; TS 146; I Malloy 774.

Taxation:

Arrangement relating to relief from double income tax on shipping profits. Exchange of notes at Washington August 24, 1933 and January 9, 1934; entered into force January 9, 1934; operative April 6, 1932. 48 Stat. 1842; EAS 56.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on the estates of deceased persons. Signed at Dublin September 13, 1949; entered into force December 20, 1951. 2 UST 2294; TIAS 2355; 127 UNTS 119.

Taxation:

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Dublin September 13, 1949; entered into force December 20, 1951. 2 UST 2303; TIAS 2356; 127 UNTS 89.

Telecommunications:

[1] Only article II is in force for Ireland.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, (Dublin, 1968), 19 UST 6057; TIAS 6566.

Israel

Telecommunications:

Agreement relating to radio communications between amateur stations on behalf of third parties. Exchange of notes at Washington July 7, 1965; entered into force August 6, 1965. 16 UST 883; TIAS 5827; 549 UNTS 281.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Washington June 15, 1966; entered into force June 15, 1966. 17 UST 760; TIAS 6028; 578 UNTS 159.

Italy

Claims:

Memorandum of understanding regarding settlement of certain wartime claims and related matters; memorandum of understanding regarding Italian assets in the United States and certain claims of United States nationals, and supplementary exchanges of notes. Signed at Washington August 14, 1947; entered into force August 14, 1947. 61 Stat. 3962; TIAS 1757; 36 UNTS 53.

Consuls:

Consular convention. Signed at Washington May 8, 1878; entered into force September 18, 1878. 20 Stat. 725; TS 178; I Malloy 977.

Marriage:

Agreement relating to documentary requirements for marriage of American citizens in Italy. Exchange of notes at Rome July 29 and August 18, 1964; entered into force March 26, 1966. 18 UST 342; TIAS 6239.

Taxation:

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates and inheritances. Signed at Washington March 30, 1955; entered into force October 26, 1956. 7 UST 2977; TIAS 3678; 257 UNTS 199.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington March 30, 1955; entered into force October 26, 1956; operative from January 1, 1956. 7 UST 2999; TIAS 3679; 257 UNTS 169.

[Agreement suspended by the income tax convention of March 30, 1955;

Agreement relating to relief from double income tax on shipping profits. Exchange of notes at Washington March 10 and May 5, 1926; entered into force May 5, 1926; operative January 1, 1921. 47 Stat. 2599; EAS 10; 113 LNTS 21.]

Jamaica

Consuls:

Consular convention between the United States and the United Kingdom. Signed at Washington June 6, 1951; entered into force September 7, 1952. 3 UST 3426; TIAS 2494; 165 UNTS 121.

Property:

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington March 2, 1899; applicable to Jamaica February 9, 1901. 31 Stat. 1939; TS 146; I Malloy 774.

Supplementary convention between the United States and the United Kingdom relating to the tenure and disposition of real and personel property. Signed at Washington May 27, 1936; applicable to Jamaica March 10, 1941. 55 Stat. 1101; TS 964; 203 LNTS 367.

Taxation:

Convention with protocol between the United States and the United Kingdom for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington April 16, 1945; protocol signed at Washington June 6, 1946. 60 Stat. 1377; TIA S 1546; 6 UNTS 189.

Supplementary protocol amending the income tax convention of April 16, 1945. Signed at Washington May 25, 1954. 6 UST 37; TIAS 3165; 207 UNTS 312.

Supplementary protocol amending the income tax convention of April 16, 1945, as amended. Signed at Washington August 19, 1957. 9 UST 1329; TIAS 4124; 336 UNTS 330.

Application of convention, as supplemented, extended to Jamaica January 1, 1959 for both U.S. and Jamaican tax as provided in the agreement effected by exchange of notes August 19, 1959 and December 3, 1958 between the United States and the United Kingdom relating to the application of the convention to specified British territories 9 UST 1459; TIAS 4141; 351 UNTS 368).

Telecommunications:

Agreement relating to the reciprocal granting of authorization to permit licensed amateur radio operators of either country to operate their stations in the other country, (Kingdom, 1971), 22 UST 694; TIAS 7127.

Japan

Consuls:

Consular convention and protocol. Signed at Tokyo March 22, 1963; entered into force August 1, 1964. 15 UST 768; TIAS 5602; 518 UNTS 179.

Property:

Arrangement relating to perpetual leaseholds. Exchanges of notes at Tokyo March 25, 1937; entered into force March 25, 1937. 50 Stat. 1611; EAST 104; 181 LNTS 217.

Taxation:

Arrangement relating to relief from double income tax on shipping profits. Exchange of notes at Washington March 31 and June 8, 1926; entered into force June 8, 1926; operative from July 18, 1924. 47 Stat. 2578; EAST 3; 108 LNTS 463.

Agreement relating to tax relief for expenditures made by the United States in Japan under mutual security programs. Exchange of notes at Tokyo July 14 and 25, 1952; entered into force July 25, 1952. 3 UST 2955; TIAS 2477; 198 UNTS 281.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates, inheritances, and gifts. Signed at Washington April 16, 1954; entered into force April 1, 1955. 6 UST 113; TIAS 3175; 238 UNTS 3.

Taxation:

Convention for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income, with related notes, (Tokyo, 1971), TIAS 7365.

Understanding relating to the exemption of shipping and aircraft profits from income tax, (Tokyo, 1971), 22 UST 1775; TIAS 7216.

Korea

Consuls:

Consular convention. Signed at Seoul January 8, 1963; entered into force December 19, 1963. 14 UST 1637; TIAS 5469; 493 UNTS 105.

Kuwait

Consuls:

Consular convention between the United States and the United Kingdom. Signed at Washington June 6, 1951; entered into force September 7, 1952. 3 UST 3426; TIAS 2494; 165 UNTS 121.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Kuwait July 19 and 24, 1966; entered into force July 19, 1966. 17 UST 1039; TIAS 6061; 593 UNTS 289.

Latvia

The United States has not recognized the incorporation of Estonia, Latvia, and Lithuania into the Union of Soviet Socialist Republics. The Department of State regards treaties between the United States and those countries as continuing in force.

Lebanon

General Relations:

Convention between the United States and France relating to rights in Syria and Lebanon. Signed at Paris April 4, 1924; entered into force July 13, 1924. 43 Stat. 1821; TS 695; IV Trenwith 4169.

Agreement relating to rights of American nationals. Exchange of notes at Beirut September 7 and 8, 1944; entered into force September 8, 1944. 58 Stat. 1493; EAS 435; 124 UNTS 187.

Lesotho

Property:

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington March 2, 1899; made applicable to Basutoland July 24, 1902. 31 Stat. 1939; TS 146; I Malloy 774.

Supplementary convention extending the time within which notification may be given of the accession of British colonies or foreign possessions to the convention of March 2, 1899. Signed at Washington January 13, 1902; entered into force April 2, 1902. 32 Stat. 1914; TS 402; I Malloy 776.

Supplementary convention amending article IV and paragraph 2 of article VI of the convention relating to the tenure and disposition of real and personal property of March 2, 1899. Signed at Washington May 27, 1936; entered into force March 10, 1941. 55 Stat. 1101; TS 964; 203 LNTS 367.

Trademarks:

Declaration between the United States and the United Kingdom affording reciprocal protection to trademarks. Signed at London October 24, 1877; entered into force October 24, 1877. 20 Stat. 703; TS 138; I Malloy 737.

Treaty Obligations:

Agreement continuing in force certain treaties and agreements between the United States and the United Kingdom which applied to Basutoland. Exchange of notes at Maseru October 4, 1966; entered into force October 4, 1966. 17 USE 2436; TIAS 6192.

Extension: October 5 and 26, 1967 (TIAS 6383; 18 UST 2923).

Liberia

Consuls:

Consular convention. Signed at Monrovia October 7, 1938; entered into force December 21, 1939. 54 Stat. 1751; TS 957; 201 LNTS 183.

Telecommunication:

Agreement relating to radio communications between amateur stations on behalf of third parties. Exchange of notes at Monrovia November 9, 1950 and January 8, 9, and 10, 1951; entered into force January 11, 1951. 2 UST 683; TIAS 2223; 132 UNTS 255.

Liechtenstein

Social Security:

Agreement concerning reciprocity of payment of certain social security benefits, (Bern, 1972), TIAS 7476.

Lithuania

The United States has not recognized the incorporation of Estonia, Latvia, and Lithuania into the Union of Soviet Socialist Republics. The Department of State regards treaties between the United States and those countries as continuing in force.

Nationality:

Treaty defining liability for military service and other acts of allegiance of naturalized persons and persons born with double nationality. Signed at Kaunas October 18, 1937; entered into force July 20, 1938. 53 Stat. 1569; TS 936; 191 LNTS 351.

Luxembourg

Taxation:

Convention with respect to taxes on income and property. Signed at Washington December 18, 1962; entered into force December 22, 1964; effective for taxable years beginning on or after January 1, 1964. 15 UST 2355; TIAS 5726; 532 UNTS 277.

Telecommunication:

Agreement relating to reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Luxembourg July 7 and 29, 1965; entered into force July 29, 1965. 16 UST 1746; TIAS 5900; 573 UNTS 197.

Malawi

Taxation:

Convention with protocol between the United States and the United Kingdom for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington April 16, 1945; protocol signed at Washington June 6, 1946. 60 Stat. 1377; TIAS 1546; 6 UNTS 189.

Supplementary protocol between the United States and the United Kingdom amending the income tax convention of April 16, 1945. Signed at Washington May 25, 1954. 6 UST 137; TIAS 3165; 207 UNTS 312.

Supplementary protocol between the United States and the United Kingdom amending the income tax convention of April 16, 1945, as amended. Signed at Washington August 19, 1957. 9 UST 1329; TIAS 4124; 336 UNTS 330.

[Application of convention, as supplemented, extended to Nyasaland January 1, 1959 for United States tax and April 1, 1959 for Nyasaland tax as provided in the agreement effected by exchange of notes at Washington August 19, 1957 and December 3, 1958 between the United States and the United Kingdom relating to the application of the convention to specified British territories. (9 UST 1459; TIAS 4141; 351 UNTS 368).]

Agreement between the United States and the United Kingdom continuing in force for Southern Rhodesia, Northern Rhodesia and Nyasaland individually the income tax convention of April 16, 1945, as amended and extended. Exchange of notes at Washington December 31, 1963; applicable to Nyasaland December 31, 1963. 14 UST 1899; TIAS 5501; 505 UNTS 300.

Agreement continuing in force between the United States and Malawi the extradition treaty and the double taxation convention between the United States and the United Kingdom. Exchange of notes at Zomba and Blantyre December 17, 1966, January 6 and April 4, 1967; entered into force April 4, 1967. TIAS 6328; 18 UST 1822.

Malaysia

Consuls:

Consular convention and protocol of signature between the United States and the United Kingdom. Signed at Washington June 6, 1951; entered into force September 7, 1952. 3 UST 3426; TIAS 2494; 165 UNTS 121.

Extradition treaty between the United States and the United Kingdom. Signed at London December 22, 1931. 47 Stat. 2122; TS 849; IV Trenwith 4274; 163 LNTS 59.

Mali

Social Security:

Agreement to provide social security benefits for certain employees of the United States in Mali, (Bamako, 1969), 21 UST 2145; TIAS 6961.

Property:

Convention between the United States and the United Kingdom relating to tenure and disposition of real and personal property. Signed at Washington March 2, 1899. 31 Stat. 1939; TS 146; I Malloy 774.

Malta

Consuls:

Consular convention between the United States and the United Kingdom. Signed at Washington June 6, 1951; applicable to Malta September 7, 1952. 3 UST 3426; TIAS 2494; 165 UNTS 121.

Mauritania

Consuls:

Consular convention between the United States and the United Kingdom, (Washington, 1951), 3 UST 3426; TIAS 2494; 165 UNTS 121.

Property:

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property, (Washington, 1899), 31 Stat. 1939; TS 146.

Supplementary convention amending article IV and paragraph 2 of article VI of the convention relating to the tenure and disposition of real and personal property of March 2, 1899, (Washington, 1936), 55 Stat. 1101; TS 964; 203 LNTS 367.

Visas:

Agreement between the United States and the United Kingdom for the waiver of the visa requirements for United States citizens traveling to the United Kingdom and for the granting of gratis passport visas to British subjects entering the United States as nonimmigrants, (London, 1948), 62 Stat. 3824; TIAS 1926; 84 UNTS 275.

Extradition:

Extradition treaty between the United States and the United Kingdom. Signed at London December 22, 1931; applicable to Malta June 24, 1935. 47 Stat. 2127; TS 849; IV Trenwith 4274; 163 UNTS 59.

Property:

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington March 2, 1899; applicable to Malta May 29, 1947. 31 Stat. 1939; TS 146; I Malloy 774.

Supplementary convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington May 27, 1936; applicable to Malta May 29, 1947. 55 Stat. 1101; TS 964; 203 LNTS 367.

Visas:

Agreement between the United States and the United Kingdom for the reciprocal reduction of passport visa fees for nonimmigrants. Exchange of notes at London March 12, 1937; applicable to Malta April 1, 1937.

Agreement between the United States and the United Kingdom for the waiver of the visa requirements for United States citizens traveling to the United Kingdom and for the granting of gratis passport visas to British subjects entering the United States as nonimmigrants. Exchange of notes at London November 9 and 12, 1948; applicable to Malta November 12, 1948. 62 Stat. 3824; TIAS 1926; 84 UNTS 275.

Mexico

Consuls:

Consular convention. Signed at México August 12, 1942; entered into force July 1, 1943. Exchanges of notes dated August 12 and December 11 and 12, 1942. 57 Stat. 800; TS 985; 125 UNTS 301.

Amendment:

October 20, 1967 (TIAS 6366).

Stolen Property:

Convention for the recovery and return of stolen or embezzled motor vehicles, trailers, airplanes, or component parts of any of them. Signed at México October 6, 1936; entered into force June 19, 1937. 50 Stat. 1333; TS 914; IV Trenwith 4500; 180 LNTS 33.

Taxation:

Agreement for relief from double taxation on earnings from operation of ships and aircraft. Exchange of notes at Washington August 7, 1964; entered into force August 7, 1964; operative for taxable years beginning on or after January 1, 1964. 15 UST 1528; TIAS 5635; 530 UNTS 123.

Telecommunication:

Arrangement for radio communications between amateur stations on behalf of third parties. Exchange of notes at México July 31, 1959; entered into force August 30, 1959. 10 UST 1449; TIAS 4295; 357 UNTS 187.

Netherlands

Consuls:

Convention regarding consuls in the colonies of the Netherlands.[1] Signed at The Hague January 22, 1855; entered into force May 25, 1855. 10 Stat. 1150; TS 253; II Malloy 1251.

Taxation:

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates and inheritances with protocol, (Washington, 1969), 22 UST 247; TIAS 7061.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at The Hague June 22, 1966; entered into force December 21, 1966. 17 UST 2426; TIAS 6189; 590 UNTS 109.

New Zealand

Consuls:

Convention to regulate commerce (art. IV) between the United States and the United Kingdom. Signed at London July 3, 1815; entered into force July 3, 1815. 8 Stat. 228; TS 110; I Malloy 624.

Property:

Convention between the United States and the United Kingdom relating to tenure and disposition of real and personal property signed at Washington March 2, 1899; entered into force for New Zealand June 10, 1901. 31 Stat. 1939; TS 146; I Malloy 774.

Supplementary convention relating to the tenure and disposition of real and personal property. Signed at Washington May 27, 1936, by the United States, United Kingdom, Australia, and New Zealand; entered into force March 10, 1941. 55 Stat. 1101; TS 964; 203 LNTS 367.

Taxation:

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington March 16, 1948; entered into force December 18, 1951. 2 UST 2378; TIAS 2360; 127 UNTS 133.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Wellington June 21, 1967; entered into force June 21, 1967. TIAS 6281; 18 UST 1272; 644 UNTS 77.

Nicaragua

Telecommunication:

Agreement relating to radio communications between amateur stations on behalf of third parties. Exchange of notes at Managua October 8 and 16, 1956; entered into force October 16, 1956. 7 UST 3159; TIAS 3694; 282 UNTS 29.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Managua September 3 and 20, 1966; entered into force September 20, 1966. 17 UST 1560; TIAS 6112; 607 UNTS 167.

Nigeria

Consuls:

Consular convention between the United States and the United Kingdom. Signed at Washington June 6, 1951; entered into force September 7, 1952. 3 UST 3426; TIAS 2494; 165 UNTS 121.

Property:

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington March 2, 1899. 31 Stat. 1939; TS 146; I Malloy 774.

Taxation:

Convention and protocol between the United States and the United Kingdom for the avoidance of double taxation and the prevention of fiscal evasion with respect to

[1] Applicable to Surinam and Curacao.

taxes on income. Signed at Washington April 16, 1945; protocol signed at Washington June 6, 1946. 60 Stat. 1377; TIAS 1546; 6 UNTS 189.

Supplementary protocol between the United States and the United Kingdom amending the convention of April 16, 1945. Singed at Washington May 25, 1954. 6 UST 37; TIAS 3165; 207 UNTS 312.

Supplementary protocol between the United States and the United Kingdom amending the convention, as modified. Signed at Washington August 19, 1957. 9 UST 1329; TIAS 4124; 336 UNTS 330.

Application of convention, as supplemented, extended to Nigeria January 1, 1959 for U.S. tax and April 1, 1959 for Nigerian tax as provided in the agreement, effected by exchange of notes at Washington August 19, 1957 and December 3, 1958, between the United States and the United Kingdom relating to the application of the convention to specified British territories (9 UST 1459; TIAS 4141).

Norway

Taxation:

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates and inheritances. Signed at Washington June 13, 1949; entered into force December 11, 1951. 2 UST 2353; TIAS 2353; 127 UNTS 163.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and property with related notes, (Oslo, 1971), TIAS 74 TIAS 7474.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Oslo May 27 June 1, 1967; entered into force June 1, 1967. TIAS 6273; 18 UST 1241; 631 UNTS 119.

Treaty of friendship, commerce, and consular rights, exchange of notes concerning the tariff treatment of Norwegian sardines, and additional article signed February 25, 1929. Signed at Washington June 5, 1928; entered into force September 13, 1932. 47 Stat. 2135; TS 852; IV Trenwith 4527; 134 LNTS 81.

Oman

Consuls:

Treaty of amity, economic relations, and consular rights and protocol, (Salalah, 1958), 11 UST 1835; TIAS 4530; 380 UNTS 181.

Pakistan

Consuls:

Convention to regulate commerce (art. IV) between the United States and the United Kingdom. Signed at London July 3, 1815; entered into force July 3, 1815. 8 Stat. 228; TS 110; I Malloy 624.

Property:

Convention between the United States and the United Kingdom applicable to Pakistan:

Convention relating to tenure and disposition of real and personal property, signed at Washington March 2, 1899 (31 Stat. 1939; TS 146; I Malloy 774). Supplementary convention extending the time within which notifications may be given of the accession of British colonies or foreign possessions to the convention of March 2, 1899; signed at Washington, January 13, 1902 (32 Stat. 1914; TS 402; I Malloy 776).

Taxation:

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Singed at Washington July 1, 1957; entered into force May 21, 1959. 10 UST 984; TIAS 4232; 344 UNTS 203.

Panama

General Relations:

General treaty of friendship and cooperation, accompanied by sixteen exchanges of notes embodying interpretations of the treaty or arrangements pursuant thereto. Signed at Washington March 2, 1936; entered into force July 27, 1939. 53 Stat. 1807; TS 945.

General relations agreement. Exchange of notes at Washington May 18, 1942; entered into force May 18, 1942. 59 Stat. 1289; EAS 452; 134 UNTS 221.

Agreement providing for reciprocal recognition of drivers' licenses issued in Panama and the Canal Zone. Exchange of notes at Panama October 31, 1960; entered into force November 1, 1960. 12 UST 301; TIAS 4716; 405 UNTS 63.

Judicial Procedure:

Informal arrangement relating to cooperation between the American Embassy, or Consulate, and Panamanian authorities when American merchant seamen or tourists are brought before a magistrate's court. Exchange of notes at Panama September 18 and October 15, 1947; effective October 15, 1947.

Taxation:

Arrangement providing for relief from double income tax on shipping profits. Exchange of notes at Washington January 15, February 8, and March 28, 1941; entered into force March 28, 1941; operative January 1, 1936. 55 Stat. 1363; EAS 221; 103 UNTS 163.

Agreement for withholding of Panamanian income tax from compensation paid to Panamanians employed within Canal Zone by the canal, railroad, or auxiliary works. Exchange of notes at Panama August 12 and 30, 1963; entered into force August 30, 1963. 14 UST 1478; TIAS 5445; 488 UNTS 11.

Telecommunication:

Agreement for radio communications between amateur stations on behalf of third parties. Exchange of notes at Panama July 19 and August 1, 1956; entered into force September 1, 1956. 7 UST 2179; TIAS 3617; 281 UNTS 49.

Agreement relating to the granting of reciprocal authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Panama November 16, 1966; entered into force November 16, 1966. 17 UST 2215; TIAS 6159.

Trade and Commerce:

Convention facilitating the work of traveling salesmen. Signed at Washington February 8, 1919; entered into force December 8, 1919. 41 Stat. 1696; TS 646; III Redmond 2780.

Visas:

Agreement modifying the agreement of March 27 and May 22 and 25, 1956, for gratis nonimmigrant visas, (Panama, 1971), 22 UST 815; TIAS 7142.

Telecommunication:

Agreement relating to radio communications between amateur stations on behalf of third parties. Exchange of notes at Asunción August 31 and October 6, 1960; entered into force November 5, 1960. 11 UST 2229; TIAS 4596; 393 UNTS 281).

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country.

Exchange of notes at Asunción March 18, 1966; entereed into force March 18, 1966. 17 UST 328; TIAS 5978.

Trade and Commerce:

Treaty of friendship, commerce, and navigation. Signed at Asunción February 4, 1859; entered into force March 7, 1860. 12 Stat. 1091 TS 272; II Malloy 1364.

Convention facilitating the work of traveling salesmen. Signed at Washington October 20, 1919; entered into force March 22, 1922. 42 Stat. 2128; TS 662; III Redmond 2791.

Nationality:

Naturalization on convention. Signed at Lima October 15, 1907; entered into force July 23, 1909. 36 Stat. 2181; TS 532; II Malloy 1449.

Telecommunication:

Arrangement concerning radio communications between amateur stations on behalf of third parties. Exchange of notes at Lima February 16 and May 23, 1934; entered into force May 23, 1934. 49 Stat. 3555; EAS 66.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Lima June 28 and August 11, 1965; entered into force August 11, 1965. 16 UST 1160; TIAS 5860; 564 UNTS 135.

Trade and Commerce:

Convention concerning commercial travelers, and protocol. Signed at Lima January 19, 1923; entereo into force July 8, 1924. 43 Stat. 1802; TS 692; IV Trenwith 4554.

Understanding relating to the termination of the reciprocal trade agreement of May 7, 1942. Exchange of notes at Lima September 12 and 28, 1951; entered into force September 28, 1951; operative October 7, 1951. 3 UST 2548; TIAS 2421; 160 UNTS 35.

Interim trade agreement pursuant to Article XXVIII of the General Agreement on Tariffs and Trade. Signed at Geneva March 5, 1962; entered into force March 5, 1962. 13 UST 879; TIAS 5028; 446 UNTS 65.

Philippines

Consuls (See also General Relations):

Consular convention. Signed at Manila March 14, 1947; entered into force November 18, 1948. 62 Stat. 1593; TIAS 1741; 45 UNTS 23.

General Relations:

Provisional agreement concerning friendly relations and diplomatic and consular representation. Signed at Manila July 4, 1946; entered into force July 4, 1946. 60 Stat. 1800; TIAS 1539; 6 UNTS 335. Treaty of general relations, and protocol. Signed at Manila July 4, 1946; entered into force October 22, 1946. 61 Stat. 1174; TIAS 1568; 7 UNTS 3.

Health:

Agreement on the use of the Veterans Memorial Hospital and the provision of inpatient and outpatient medical care and treatment of veterans by the Philippines and the furnishing of grants-in-aid by the United States. Signed at Manila April 25, 1967; entered into force April 25, 1967. 18 UST 388; TIAS 6248.

Agreement relating to entry of nationals of either country into the territories of the other for purposes of trade, investment, and related activities. Exchange of notes at Washington September 6, 1955; entered into force September 6, 1955. 6 UST 3030; TIAS 3349; 238 UNTS 109.

Poland

Social Security:

Agreement concerning the method of payment to persons residing in Poland of pensions due from American authorities, (Warsaw, 1968), TIAS 7473.

Portugal

Nationality:

Naturalization convention. Signed at Washington May 7, 1908; entered into force November 14, 1908. 35 Stat. 2082; TS 513; II Malloy 1468.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country.

Exchange of notes at Lisbon, May 17 and 26, 1965; entered into force May 26, 1965. 16 UST 817; TIAS 5815; 546 UNTS 189.

Consuls:

ROMANIA

Consular convention. Signed at Bucharest June 5/17, 1881; entered into force June 13, 1883. 23 Stat. 711; TS 297; II Malloy 1505.

Extradition:

Extradition treaty. Signed at Bucharest

July 23, 1924; entered into force April 7, 1925. 44 Stat. 2020; TS 713; IV Trenwith 4602.

Agreement relating to the issuance of visas to diplomatic and non-diplomatic personnel. Exchange of notes at Bucharest April 20, May 14 and 26, 1962; entered into force May 26, 1962; operative June 1, 1962. 13 UST 1192; TIALS 5063, 456 UNTS 265.

Amendment: May 31 and June 17, 1967 (TIAS 6279).

Rwanda

Taxation:

Convention between the United States and Belgium for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington October 28, 1948; entered into force September 9, 1953; operative January 1, 1953. 4 UST 1647; TIAS 2833; 173 UNTS 67.

Convention between the United States and Belgium modifying and supplementing convention of October 28, 1948. Signed at Washington September 9, 1952; entered into force September 9, 1953; operative January 1, 1953. 4 UST 1647; TIAS 2833; 173 UNTS 67.

Convention between the United States and Belgium supplementing the convention of October 28, 1948, as modified, for the avoidance of double taxation with respect to taxes on income.

Signed at Washington August 22, 1957; entered into force July 10, 1959. 10 UST 1358; TIAS 4280; 356 UNTS 366.

Agreement between the United States and Belgium relating to the extension of the operation of the income tax convention of 1948, as supplemented, to the Belgian Congo and the Trust Territory of Ruanda-Urundi. Exchange of notes at Washington April 2, 1954 and July 28, 1959; entered into force July 28, 1959. 10 UST 1358; 4280; 356 UNTS 370.

Saudi Arabia

Trade and Commerce:

Provisional agreement in regard to diplomatic and consular representation, juridical protection, commerce, and navigation. Signed at London November 7, 1933; entered into force November 7, 1933. 48 Stat. 1826; EAS 53; 142 LNTS 329.

Sierra Leone

Consuls:

Consular convention between the United States and the United Kingdom. Signed at Washington June 6, 1951; entered into force September 7, 1952 3 UST 3426; TIAS 2494; 165 UNTS 121.

Judicial Procedure:

Agreement to facilitate the conduct of litigation with international aspects in either country. Exchange of notes at Freetown March 31 and May 6, 1966; entered into force May 6, 1966. 17 UST 944; TIAS 6056; 594 UNTS 47.

Property:

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington March 2, 1899; made applicable to Sierra Leone February 9, 1901. 31 Stat. 1939; TS 146; I Malloy 774.

Taxation:

Convention and protocol between the United States and the United Kingdom for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington April 16, 1945; protocol signed at Washington June 6, 1946. 60 Stat. 1377; TIAS 1546; 6 UNTS 189.

Supplementary protocol between the United States and the United Kingdom amending the convention of April 16, 1945. Signed at Washington May 25, 1954. 6 UST 37; TIAS 3165; UNTS 312.

Supplementary protocol between the United States and the United Kingdom amending the convention, as modified. Signed at Washintgon August 19, 1957. 9 UST 1329; TIAS 4124; 336 UNTS 330.

[Application of convention, as supplemented, extended to Sierra Leone January 1, 1959 for U.S. tax and April 1, 1959 for Sierra Leonean tax as provided in the agreement, effected by exchange of notes at Washington August 19, 1957 and December 3, 1958, between the United States and the United Kingdom relating to the application of the convention to specified British territories (9 UST 1459; TIAS 4141).]

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Freetown August 14 and 16, 1965; entered into force August 16, 1965. 16 UST 1131; TIAS 5856; 579 UNTS 55.

Singapore

Property:

Convention between the United States and the United Kingdom relating to tenure and disposition of real and personal property. Signed at Washington March 2, 1899; entered into force August 7, 1900. 31 Stat. 1939; TS 146; I Malloy 774.

Visas:

Agreement relating to visas. Exchange of notes at London October 15 and 22, 1954.

Agreement continuing in force the 1954 agreement with respect to the Federation of Malaya. Exchange of letters at Kuala Lumpur March 5 and 13, 1958.

South Africa

Consuls:

Convention to regulate commerce (art. IV) between the United States and the United Kingdom. Signed at London July 3, 1815; entered into force July 3, 1815. 8 Stat. 228; TS 110; I Malloy 624.

Property:

The following conventions between the United States and the United Kingdom may be considered in force with respect to the Republic of South Africa by virtue of the adherence by the United Kingdom for the Cape Colony on February 9, 1901, and for the Orange River Colony and the Transvaal on July 24, 1902, except for Natal and Southwest Africa:

Convention relating to tenure and disposition of real and personal property, signed at Washington March 2, 1899 (31 Stat. 1939; TS 146; I Malloy 774).

Supplementary convention extending the time within which notifications may be given of the accession of British colonies or foreign possessions to the convention of March 2, 1899; signed at Washington January 13, 1902 (32 Stat. 1914; TS 402; I Malloy 776).

Taxation:

Convention for the avoidance of double taxation and for establishing rules of reciprocal administrative assistance with respect to taxes on income. Signed at Pretoria December 13, 1946. Entered into force July 15, 1952. 3 UST 3821; TIAS 2510; 167 UNTS 171.

Protocol supplementing the convention of December 13, 1946. Signed at Pretoria July 14, 1950; Entered into force July 15, 1952. 3 UST 3821; TIAS 2510; 167 UNTS 171.

Convention with respect to taxes on the estates of deceased persons. Signed at Cape Town April 10, 1947; entered into force July 15, 1952. 3 UST 3792; TIAS 2509; 167 UNTS 211.

Protocol supplementing the estate tax convention of April 10, 1947. Signed at Pretoria July 14, 1950; entered into force July 15, 1952. 3 UST 3792; TIAS 2509; 167 UNTS 211.

Spain

General Relations:

Treaty of friendship and general relations. Signed at Madrid July 3, 1902; entered into force April 14, 1903. 33 Stat. 2105; TS 422; II Malloy 1701.

Friendship and Cooperation:

Agreement of friendship and cooperation with annex and exchange of notes, (Washington, 1970), 21 UST 1677; TIAS 6924.

Agreement in implementation of chapter VIII of the agreement of friendship and cooperation of August 6, 1970 (TIAS 6924), with procedural annexes and exchanges of notes, (Madrid, 1970), 21 UST 2259; TIAS 6977.

Taxation:

Arrangement relating to relief from double income tax on shipping profits. Exchange of notes at Washington April 16 and June 10, 1930; entered into force June 10, 1930; operative January 1, 1921. 47 Stat. 2584; EAS 6; 120 LNTS 407.

Tax relief annex attached to the mutual defense assistance agreement, and interpretative note. Signed at Madrid September 26, 1953; entered into force September 26. 4 UST 1876; TIAS 2849; 207 UNTS 61.

Sri Lanka—(Formerly Ceylon)

Consuls:

Convention to regulate commerce (art IV) between the United States and the United Kingdom, (London, 1815), 8 Stat. 228, TS 110.

Property:

Convention between the United States and the United Kingdom relating to tenure and disposition of real and personal property, (Washington, 1899), 31 Stat 1939; TS 146.

Swaziland

Consuls:

Consular Convention between the United States and the United Kingdom, (Washington, 1951), 3 UST 3426; TIAS 2494; 165 UNTS 121.

Property:

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property, (Washington, 1899), 31 Stat 1939; TS 146.

Supplementary convention amending article IV and parargraph 2 of article VI of the convention relating to the tenure and disposition of real and personal property, (Washington, 1936), 55 Stat. 1101; TS 964; 203 LNTS 367.

Sweden

Consuls:

Consular convention. Signed at Washington, June 1, 1910; entered into force March 18, 1911. 37 Stat. 1479; TS 557; III Redmond 2846.

Nationality:

Naturalization convention and protocol. Signed at Stockholm May 26, 1869; entered into force June 14, 1871. 17 Stat. 809; TS 350; II Malloy 1758.

Convention relating to exemption from military service of persons having dual nationality. Signed at Stockholm January 31, 1933; entered into force May 20, 1935, 49 Stat. 3195; TS 890; IV Trenwith 4656; 159 LNTS 261.

Taxation:

Arrangement relating to relief from double income tax on shipping profits. Exchange of notes at Washington March 31, 1938; entered into force March 31, 1938. 52 Stat. 1490; EAS 121; 189 LNTS 327.

Convention for the avoidance of double taxation and the establishment of rules of reciprocal administrative assistance in the case of income and other taxes, and protocol.

Signed at Washington March 23, 1939; entered into force November 14, 1939. 54 Stat. 1759; TS 953; 199 LNTS 17.

Convention supplementing the convention and protocol of March 23, 1939. Signed at Stockholm October 22, 1963; entered into force September 11, 1964; operative for taxable years beginning on or after January 1, 1963, except as to article I (a), which is operative for taxable years beginning on or after January 1, 1965. 15 UST 1824; TIAS 5656; 530 UNTS 247.

Telecommunications:

Agreement relating to the reciprocal grant-

ing of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, (Stockholm, 1969), 20 UST 773; TIAS 6690.

Switzerland

Nationality:

Convention relative to military obligations of certain persons having dual nationality. Signed at Bern November 11, 1937; entered into force December 7, 1938. 53 Stat. 1791; TS 943; 193 LNTS 181.

Taxation:

Convention for the avoidance of double taxation with respect to taxes on income. Signed at Washington May 24, 1951; entered into force September 27, 1951. 2 UST 1751; TIAS 2316; 127 UNTS 227.

Convention for the avoidance of double taxation with respect to taxes on estates and inheritances. Signed at Washington July 9, 1951; entered into force September 17, 1952. 3 UST 3972; TIAS 2533; 165 UNTS 51.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Bern January 12 and May 16, 1967; entered into force May 16, 1967. 18 UST 554; TIAS 6264.

Trade and Commerce:

Convention of friendship, commerce and extradition. Signed at Bern November 25, 1850; entered into force November 8, 1855. 11 Stat. 587; TS 353; II Malloy 1763.

Syria

Agreement relating to rights of American nationals. Exchange of notes at Damascus September 7 and 8, 1944; entered into force September 8, 1944. 58 Stat. 1491; EAS 434; 124 UNTS 251.

Tanzania

Consuls:

Consular convention and protocol of signature between the United States and the United Kingdom. Signed at Washington June 6, 1951; entered into force September 7, 1951. 3 UST 3426; TIAS 2494; 165 UNTS 121.

Treaty obligations:

Agreement continuing in force between the United States and Tanzania the extradition treaty and the consular convention between the United States and the United Kingdom, (Dar es Salaam, 1965), 16 UST 2066; TIAS 5946; 592 UNTS 53.

Thailand

Trade and commerce:

Treaty of amity and economic relations with exchanges of notes, (Bangkok, 1966), 19 UST 5843; TIAS 6540; 652 UNTS 253.

Togo

Social Security:

Agreement relating to United States participation with respect to its eligible employees in the Togolese social security system, (Lome, 1971), 22 UST 526; TIAS 7094.

Tonga

Consuls:

Consular convention, (Washington, 1951), 3 UST 3426; TIAS 2494; 165 UNTS 121.

Trinidad and Tobago

Consuls:

Consular convention between the United States and the United Kingdom. Signed at Washington June 6, 1951; entered into force September 7, 1952. 3 UST 3426; TIAS 2494; 165 UNTS 121.

Property:

Convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington March 2, 1899; applicable to Trinidad and Tobago February 9, 1901. 31 Stat. 1939; TS 146; I Malloy 774.

Supplementary convention between the United States and the United Kingdom relating to the tenure and disposition of real and personal property. Signed at Washington May 27, 1936; applicable to Trinidad and Tobago March 10, 1941. 55 Stat. 1101; TS 964; 203 LNTS 367.

Taxation:

Convention for the avoidance of double taxation, the prevention of fiscal evasion with respect to taxes on income, and the encouragement of international trade and investment with related notes, (Port of Spain, 1970), 22 UST 164; TIAS 7047.

Telecommunications:

Arrangement relating to radio communications between amateur stations on behalf of third parties, (Port of Spain, 1971), 22 UST 2053; TIAS 7239.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Port of Spain January 14 and March 16, 1967; entered into force March 16, 1967. 18 UST 543; TIAS 6261.

Turkey

General Regulations:

Agreement for the regularization of relations between the United States and Turkey. Exchange of notes at Ankara February 17, 1927; entered into force February 17, 1927. *Foreign Relations*, 1927, vol. III, p. 794 ff.

Union of Soviet Socialist Republics

Consuls:

Consular Convention, (Moscow, 1964), 19 UST 5018; TIAS 6503; 655 UNTS 213.

General Relations:

Arrangements relating to the establishment of diplomatic relations, nonintervention, freedom of conscience and religious liberty, legal protection, and claims. Exchanges of notes at Washington November 16, 1933; entered into force November 16, 1933. Department of State Publication 528; European and British Commonwealth Series 2 [new series]; Eastern European Series, No. 1 [old series].

United Kingdom

Telecommunications:

Agreement extending to certain territories the application of the agreement of November 25, 1965, relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, (London, 1969), 20 UST 4089; TIAS 6800.

Consuls:

Consular convention and protocol of signature.

Signed at Washington June 6, 1951; entered into force September 7, 1952. 3 UST 3426; TIAS 2494; 165 UNTS 121.

Customs:

Declaration exempting commercial travelers' samples from customs inspection.

Signed at Washington December 3 and 8, 1910; entered into force January 1, 1911. TS 552; III Redmond 2626.

Agreement relating to the prevention of abuses of customs privileges at certain leased naval and air bases. Exchange of notes at Washington, January 18 and February 21, 1946; entered into force February 21, 1946. 61 Stat. 2637; TIAS 1592; 6 UNTS 137.

Understanding relating to the importation in bulk, free from customs duties, of certain articles for the use of the diplomatic staff of United States embassy and consular officers and other employees on duty in the United Kingdom.

Exchange of notes at Washington February 16, 1949; entered into force February 16, 1949.

Property—Real and Personal:

Convention relating to tenure and disposition of real and personal property. Signed at Washington March 2, 1899; entered into force August 7, 1900. 31 Stat. 1939; TS 146; I Malloy 774.

Supplementary convention extending the time within which notifications may be given of the accession of British colonies or foreign possessions to the convention of March 2, 1899, relating to the tenure and disposition of real and personal property. Signed at Washington January 13, 1902; entered into force April 2, 1902. 32 Stat. 1914; TS 402; I Malloy 776.

Supplementary convention providing for the accession of the Dominion of Canada to the real and personal property convention of March 2, 1899. Signed at Washington October 21, 1921; entered into force June 17, 1922. 42 Stat. 2147; TS 663; III Redmond 2657; 12 LNTS 425.

Supplementary convention relating to the tenure and disposition of real and personal property. Signed at Washington, May 27, 1936, by the United States, the United Kingdom, Australia, and New Zealand; entered into force March 10, 1941. 55 Stat. 1101; TS 964; 203 LNTS 367.

Taxation:

Convention and protocol for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington April 16, 1945, protocol signed at Washington June 6, 1946; entered into force July 25, 1946. 60 Stat. 1377; TIAS 1546; 6 UNTS 189.

Supplementary protocol amending the convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington May 25, 1954; entered into force January 19, 1955. 6 UST 37; TIAS 3165; 207 UNTS 312.

Supplementary protocol amending the income-tax convention of April 16, 1945, as modified by supplementary protocols of June 6, 1946 and May 25, 1954. Signed at Washington August 19, 1957; entered into force October 15, 1958. 9 UST 1329; TIAS 4124; 336 UNTS 330.

Supplementary protocol amending the convention of April 16, 1945, as modified, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

Signed at London March 17, 1966; entered into force September 9, 1966. 17 UST 1254; TIAS 6089; 590 UNTS 216.

Agreement relating to the application of the income tax convention of April 16, 1945 to specified British territories. Exchange of notes at Washington August 19, 1957 and December 3, 1958; entered into force December 3, 1958. 9 UST 1459; TIAS 4141; 351 UNTS 368.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on the estates of deceased persons. Signed at Washington April 16, 1945; entered into force July 25, 1946. 60 Stat. 1391; TIAS 1547; 6 UNTS 359.

Agreement continuing in force for Southern Rhodesia, Northern Rhodesia and Nyasaland individually the income tax convention of April 16, 1945, as modified. Exchange of notes at Washington December 31, 1963; entered into force December 31, 1963. 14 UST 1899; TIAS 5501; 505 UNTS 300.

Telecommunication:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at London November 26, 1965; entered into force November 26, 1965. 16 UST 2047; TIAS 5941; 561 UNTS 193.

Uruguay

Telecommunications:

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. (Montevideo, 1971), 22 UST 701; TIAS 7129.

Nationality:

Naturalization convention. Signed at Montevideo August 10, 1908; entered into force

May 14, 1909. 36 Stat. 2165; TS 527; II Malloy 1829.

Telecommunication:

Agreement relating to radio communications between radio amateurs on behalf of third parties. Exchange of notes at Montevideo September 12, 1961; entered into force September 26, 1966. 17 UST 1574; TIAS 6115; 607 UNTS 175.

Trade and Commerce:

Convention facilitating the work of traveling salesmen. Signed at Washington August 27, 1918; entered into force August 2, 1919. 41 Stat. 1663; TS 640; III Redmond 2862.

Venezuela

Telecommunication:

Arrangement for radio communications between amateur stations on behalf of third parties. Exchange of notes at Caracas November 12, 1959; entered into force December 12, 1959. 10 UST 3019; TIAS 4394; 367 UNTS 81.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Exchange of notes at Caracas September 18, 1967; entered into force October 3, 1967. TIAS 6348; 18 UST 2499.

Trade and Commerce:

Convention facilitating the work of traveling salesmen. Signed at Caracas July 3, 1919; entered into force August 18, 1920. 41 Stat. 1719; TS 648; III Redmond 2867.

Reciprocal trade agreement. Signed at Caracas November 6, 1939; entered into force provisionally December 16, 1939; definitively December 14, 1940. 54 Stat. 2375; EAS 180; 203 LNTS 273.

Supplementary trade agreement. Signed at Caracas August 28, 1952; entered into force October 11, 1952. 3 UST 4195; TIAS 2565; 178 UNTS 51.

Vietnam

Taxation:

Agreement regarding income tax administration. Exchange of notes at Saigon March 31 and May 3, 1967; entered into force May 3, 1967. 18 UST 546; TIAS 6262.

Yugoslavia

Claims:

Agreement regarding claims of United States nationals, with exchange of notes and minute of interpretation. Signed at Belgrade November 5, 1964; entered into force January 20, 1965. 16 UST 1; TIAS 5750; 550 UNTS 31.

Consuls:

Consular convention. Signed at Belgrade October 2/14, 1881; entered into force November 15, 1882. 22 Stat. 968; TS 320; II Malloy 1618.

Arrangement providing for the taking of testimony by consular officers. Exchange of notes at Belgrade October 17 and 24, 1938; entered into force October 24, 1938.

Zaire—(formerly "Congo (Kinshasa)")

Taxation:

Convention between the United States and Belgium for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, (Washington, 1948), 4 UST 1647; TIAS 2833; 173 UNTS 67.

Convention between the United States and Belgium supplementing the convention of October 28, 1948, as modified, for the avoidance of double taxation with respect to taxes on income, (Washington, 1957), 10 UST 1358; TIAS 4280; 356 UNTS 366.

Agreement between the United States and Belgium relating to the extension of the operation of the income tax convention of 1948, as supplemented, to the Belgian Congo and the Trust Territory of Ruanda-Urundi, (Washington, 1954), 10 UST 1358; TIAS 4280; 356 UNTS 370.

Zambia

Consuls:

Consular convention between the United States and the United Kingdom. Signed at Washington June 6, 1951; entered into force September 7, 1952. 3 UST 3426; TIAS 2494; 165 UNTS 121.

Property:

Convention relating to tenure and disposition of real and personal property. Signed at Washington March 2, 1899; entered into force August 7, 1900; made applicable to Zambia May 29, 1947. 31 Stat. 1939; TS 146; I Malloy 774.

Supplementary convention amending article IV and paragraph 2 of article VI of the convention relating to the tenure and disposition of real and personal property of March 2, 1899. Signed at Washington May 27, 1936; entered into force March 10, 1941; made applicable to Zambia May 29, 1947. 55 Stat. 1101; TS 964; 203 LNTS 367.

Taxation: Convention and protocol between the United States and the United Kingdom for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington April 16, 1945; protocol signed at Washington June 6, 1946. 60 Stat. 1377; TIAS 1546; 6 UNTS 189.

Supplementary protocol between the United States and the United Kingdom amending the convention of April 16, 1945. Signed at Washington May 25, 1954. 6 UST 37; TIAS 3165; 207 UNTS 312.

Supplementary protocol between the United States and the United Kingdom amending the convention, as modified. Signed at Washington August 19, 1957. 9 UST 1329; TIAS 4124; 336 UNTS 330.

(Application of convention, as supplemented, extended to Federation of Rhodesia and Nyasaland January 1, 1959 for U.S. tax and April 1, 1959 for Rhodesia and Nyasaland tax as provided in the agreement, effected by exchange of notes at Washington August 19, 1957 and December 3, 1958, between the United States and the United Kingdom relating to the application of the convention to specified British territories (9 UST 1459; TIAS 4141)).

PART I—TREATIES

Subpart B(1)—Multilateral

Aliens

Convention between the American Republics regarding the status of aliens in their respective territories. Signed at Habana February 20, 1928; entered into force for the United States May 21, 1930, with the exception of arts. 3 and 4. 46 Stat. 2753; TS 815; IV Trenwith 4722; 132 LNTS 301.

States which are parties:

Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Rep., Ecuador, Guatemala, Haiti, Mexico, Nicaragua, Panama, Peru, United States, and Uruguay.

Automotive Traffic

Convention on the regulation of inter-American automotive traffic, with annex. Open for signature at the Pan American Union, Washington, December 15, 1943; entered into force for the United States October 29, 1946, subject to an understanding and reservation. 61 Stat. 1129; TIAS 1567.

States which are parties:

Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, United States, Uruguay, and Venezuela.

Convention on road traffic, with annexes. Done at Geneva September 19, 1949; entered into force for the United States March 26, 1952. 3 UST 3008; TIAS 2487; 125 UNTS 22.

States which are parties:

Algeria, Argentina, Australia, Austria, Barbados, Belgium, Botswana, Bulgaria, Cambodia, Cameroon, Canada, Central African Rep., Ceylon, Chile, China, Congo (Brazzaville), Congo (Kinshasa), Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Rep., Ecuador, Finland, France, Gambia, Ghana, Greece, Guatemala, Guyana, Haiti, Hungary, India, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Laos, Lebanon, Luxembourg, and Madagascar.

Malawi, Malaysia, Mali, Malta, Monaco, Morocco, Netherlands, New Zealand, Niger, Norway, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, San Marino, Senegal, Sierra Leone, Singapore, South Africa, Spain, Sweden, Syrian Arab Rep., Tanzania: Zanzibar, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Union of Soviet Socialist Reps., United Arab Rep., United Kingdom, United States, Vatican City, Venezuela, Viet-Nam, Western Samoa, Yugoslavia, and Zambia.

Territorial application:

Australia for: Papua and Trust Territory of New Guinea.

France for: All overseas territories and the Principality of Andorra.

Netherlands for: Netherlands Antilles and Surinam.

Portugal for: All overseas provinces except Macao.

South Africa for: South-West Africa.

Spain for: African localities and provinces.

United Kingdom for: Aden and Protectorate of South Arabia, Bahamas, Bailiwick of Guernsey, British Honduras, Fiji, Gibraltar, Grenada, Honk Kong, Isle of Man, Jersey, Mauritius, Rhodesia, St. Lucia, St. Vincent, Seychelles, and Swaziland.

United States for: All territories for the international relations of which the U.S. is responsible.

Protocol relating to the adherence to the convention on road traffic of certain countries which were not able to participate in the United Nations Conference on Road and Motor Transport. Done at Geneva September 19, 1949; entered into force for the United States March 26, 1952. 3 UST 3052; TIAS 2487; 125 UNTS 94.

States which are parties:

Belgium, Botswana, Cambodia, Chile, Cuba, Czechoslovakia, Dominican Rep., France, Guatemala, Haiti, Italy, Luxembourg, Netherlands, Portugal, South Africa, Tunisia, Turkey, United Arab Republic, United Kingdom, and United States.

Aviation

Convention for the unification of certain rules relating to international transportation by air, with additional protocol. Concluded at Warsaw, October 12, 1929; entered into force for the United States, October 29, 1934, subject to a reservation. 49 Stat. 3000; TS 876; IV Trenwith 5250; 137 LNTS 11.

States which are parties:

Algeria, Argentina, Australia, Austria, Barbados, Belgium, Botswana, Brazil, Bulgaria, Burma, Cameroon, Canada, Ceylon, [China People's Rep.], Colombia, Congo (Brazzaville), Congo (Kinshasa), Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, not including Greenland, Ethiopia, Finland, France, including French colonies, Gambia, and [Germany, Dem. Rep.].

Germany, Fed Rep., Ghana, Greece, Guinea, Guyana, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Kenya, [Korea, Dem. Rep.], Laos, Latvia, Lebanon, Lesotho, Liberia, Liechtenstein, Luxembourg, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mexico, Mongolian People's Rep., Morocco, Nepal, Netherlands, and New Zealand.

Niger, Nigeria, Norway, Pakistan, Philippines, Poland including Free City of Danzig, Portugal, Romania, Rwanda, Senegal, Sierra Leone, Singapore, Somali Republic, South Africa, Spain, including colonies, Sweden, Switzerland, Syrian Arab Republic, Tanzania, Trinidad and Tobago, Tunisia, Uganda, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom, United States, Upper Volta, Venezuela, Viet-Nam, Western Samoa, Yugoslavia, and Zambia.

International air services transit agreement. Signed at Chicago December 7, 1944; entered into force for the United States February 8, 1945, subject to a reservation. 59 Stat. 1693; EAS 487; 84 UNTS 389.

States which are parties:

Afghanistan, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Cameroon, Canada, Ceylon, Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, El Salvador, Ethiopia, Finland, France, Germany, Fed. Rep., Greece, Guatemala, Honduras, Iceland, India, Iran, Iraq, Ireland, Israel, Ivory Coast, Jamaica, Japan, Jordan, Korea, and Kuwait.

Liberia, Luxembourg, Madagascar, Malaysia, Malta, Mexico, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Paraguay, Philippines, Poland, Portugal, Rwanda, Senegal, Somali Republic, South Africa, Spain, Sweden, Switzerland, Thailand, Togo, Trinidad, and Tobago, Tunisia, Turkey, United Arab Republic, United Kingdom, United States, Venezuela, and Zambia.

Convention on international civil aviation. Done at Chicago December 7, 1944; entered into force for the United States April 14, 1947. 61 Stat. 1180; TIAS 1591; 15 UNTS 295.

States which are parties:

Afghanistan, Algeria, Argentina, Australia, Austria, Barbados, Belgium, Bolivia, Brazil, Bulgaria, Burma, Cambodia, Cameroon, Canada, Central African Rep., Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo, (Kinshasa), Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Finland, France, Gabon, Germany, Fed. Rep., Ghana, Greece, Guatemala, Guinea, Guyana, Haiti, Honduras, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Korea, and Kuwait.

Laos, Lebanon, Liberia, Libya, Luxembourg, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mexico, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Singapore, Somali Republic, South Africa, Spain, Sudan, Sweden, Switzerland, Syrian Arab Rep., Tanzania, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Urganda, United Arab Rep., United Kingdom, United States, Upper Volta, Uruguay, Venezuela, Viet-Nam, Yemen Arab Rep., Yugoslavia, and Zambia.

Protocol relating to certain amendments to the convention on international civil aviation. Done at Montreal June 14, 1954; entered into force for the United States December 12, 1956. 8 UST 179; TIAS 3756; 320 UNTS 217.

States which are parties:

Afghanistan, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Burma, Cameroon, Canada, Central African Rep., Ceylon, Chad, China, Congo (Brazzaville), Congo (Kinshasa), Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Ethiopia, Finland, France, Germany, Fed. Rep., Ghana, Greece, Guatemala, Guinea, Honduras, Iceland, India, Indonesia, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Kenya, and Korea.

Laos, Libya, Luxembourg, Madgascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mexico, Morocco, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portgual, Romania, Rwanda, Saudi Arabia, Senegal, Singapore, Somali Republic, South Africa, Spain, Sudan, Sweden, Switzerland, Syrian Arab Rep., Tanzania, Thailand, Tunisia, Turkey, United Arab Rep., United Kingdom, United States, Venezuela, Viet-Nam, Yugoslavia, and Zambia.

Protocol relating to the amendment of Article 50(a) of the convention on international civil aviation to increase membership of the council from twenty-one to twenty-seven. Done at Montreal June 21, 1961; entered into force for the United States, July 17, 1962. 13 UST 2105; TIAS 5170; 514 UNTS 209.

States which are parties:

Algeria, Argentina, Australia, Austria, Belgium, Cameroon, Canada, Central African Rep., Ceylon, Chad, China, Congo (Brazzaville), Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Finland, France, Germany, Fed. Rep., Ghana, Greece, Guinea, Honduras, India, Indonesia, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Korea, Kuwait, Laos, Lebanon, Libya, and Luxembourg.

Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mexico, Morocco, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Singapore, Somali Republic, South Africa, Spain, Sudan, Sweden, Switzerland, Syrian Arab Rep., Tanzania, Thailand, Tunisia, Turkey, United Arab Rep., United Kingdom, United States, Upper Volta, Venezuela, Viet-Nam, Yugoslavia, and Zambia.

Convention on the international recognition of rights in aircraft. Done at Geneva June 19, 1948; entered into force for the United States September 17, 1953. 4 UST 1830; TIAS 2847; 310 UNTS 151.

States which were parties:

Algeria, Argentina, Brazil, Chile, Cuba, Denmark, Ecuador, El Salvador, France, Germany, Fed. Rep., Haiti, Iceland, Italy, Ivory Coast, Laos, Mali, Mauritania, Mexico, Netherlands, Niger, Norway, Pakistan, Sweden, Switzerland, Thailand, Tunisia, and United States.

Disputes

Convention on the settlement of investment disputes between States and nationals of other states. Done at Washington March 18, 1965; entered into force for the United States October 14, 1966. 17 UST 1270; TIAS 6090.

States which are parties:

Cameroon, Central African Republic, Ceylon, Chad, Congo (Brazzaville), Cyprus, Dahomey, France, Gabon, Ghana, Iceland, Ivory Coast, Jamaica, Japan, Kenya, Korea, Madagascar, and Malawi.

Malaysia, Mauritania, Morocco, Netherlands, Niger, Nigeria, Norway, Pakistan, Senegal, Sierra Leone, Sweden, Togo, Trinidad and Tobago, Tunisia, Uganda, United Kingdom, United States, Upper Volta, and Yugoslavia.

Labor

Instrument for the amendment of the constitution of the International Labor Organization. Dated at Montreal October 9, 1946; entered into force for the United States April 20, 1948. 62 Stat. 3485; TIAS 1868; 15 UNTS 35.

States members of the International Labor Organization:

Afghanistan, Algeria, Argentina, Australia, Austria, Barbados, Belgium, Bolivia, Botswana, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo (Brazzaville), Congo (Kinshasa), Costa Rica, and Cuba.

Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Finland, France, Gabon, Germany, Fed. Rep., Ghana, Greece, Guatemala, Guinea, Guyana, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, and Ireland.

Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Laos, Lebanon, Lesotho, Liberia, Libya, Luxembourg, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mexico, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, and Nigeria.

Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Senegal, Sierra Leone, Singapore, Somali Republic, Spain, Sudan, Sweden, Switzerland, Syrian Arab Republic, Tanzania, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, and Uganda.

Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom, United States, Upper Volta, Uruguay, Venezuela, Viet-Nam, Yemen Arab Republic, Yugoslavia, and Zambia.

Nationality

Convention establishing the status of naturalized citizens who again take up their residence in the country of their origin. Signed at Rio de Janeiro August 13, 1906; entered into force for the United States May 25, 1908. 37 Stat. 1653; TS 575; III Redmond 2882.

States which are parties:

Argentina, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Nicaragua, Panama and United States.

Protocol relating to military obligations in certain cases of double nationality. Concluded at The Hague April 12, 1930; entered into force for the United States May 25, 1937. 50 Stat. 1317; TS 913; IV Trenwith 5261; 178 LNTS 227.

States which are parties:

Australia, Austria, Belgium, Brazil, Burma, Colombia, Cuba, El Salvador, India, Indonesia, Malta, Mauritania, Netherlands, Niger, Nigeria, South Africa, Sweden, United Kingdom, and United States.

Convention on the nationality of women. Signed at Montevideo December 26, 1933; entered into force for the United States August 29, 1934. 49 Stat. 2957; TS 875; IV Trenwith 4813.

States which are parties:

Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, and United States.

Rules of Warfare

Convention relative to the protection of civilian persons in time of war. Dated at Geneva August 12, 1949; entered into force for the United States February 2, 1956, subject to a reservation and a statement. 6 UST 3516; TIAS 3365; 75 UNTS 287.

States which are parties:

Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Barbados, Belguim, Botswana, Brazil, Bulgaria, and Burundi.

Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Central African Rep., Ceylon, Chile, [China, People's Republic], Colombia, Congo (Brazzaville) Congo (Kinshasa), Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, El Salvador, Finland, France, Gabon, Gambia, Germany, Fed. Rep., [Germany, Dem. Republic], Ghana, Greece, Guatemala, Guyana, Haiti, Holy See, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, and Korea.

Korea, [Korea, Dem. Rep.], Kuwait, Laos, Lebanon, Lesotho, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mexico, Monaco, Mongolian People's Republic, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, Singapore, Somali Republic, South Africa, Spain, Sudan, Sweden, Switzerland, and Syrian Arab Rep.

Tanzania: Tanganyika, Zanzibar, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Reps., United Arab Rep., United Kingdom, United States, Upper Volta, Venezuela, Viet-Nam [Viet-Nam, Dem. Republic], Yugoslavia, and Zambia.

PART I—TREATIES

Subpart B(2)—Additional multilaterals

Multilateral:

Aliens:

Convention between the American Republics regarding the status of aliens in their respective territories, (Habana, 1928), 46 Stat. 2753; TS 815; 132 LNTS 301.

Aviation:

Convention on offenses and certain other acts committed on board aircraft, (Tokyo, 1963), 20 UST 2941; TIAS 6768.

Convention for the suppression of unlawful seizure of aircraft (Hijacking), (The Hague, 1970), 22 UST 1641; TIAS 7192.

Convention for the suppression of unlawful acts against the safety of civil aviation, (Sabotage), (Montreal, 1971), TIAS 7570.

Consuls:

Convention on consular relations, (Vienna, 1963), 21 UST 77: TIAS 6820; 596 UNTS 261.

Optional protocol to the convention on consular relations concerning the compulsory settlement of disputes, (Vienna, 1963), 21 UST 325; TIAS 6820; 596 UNTS 487.

Defense:

Agreement regarding the status of personnel of sending states attached to an International Military Headquarters of North Atlantic Treaty Organization in the Federal Republic of Germany, (Bonn, 1969), 20 UST 4055; TIAS 6792.

Diplomatic Relations:

Vienna Convention on diplomatic relations, (Vienna, 1961), TIAS 7502; 500 UNTS 95.

Optional protocol to the Vienna convention on diplomatic relations concerning the compulsory settlement of disputes, (Vienna, 1961), TIAS 7502; 500 UNTS 241.

Intellectual Property:

Convention establishing the World Intellectual Property Organization, (Stockholm, 1967), 21 UST 1749; TIAS 6932.

Judicial Procedure

Convention on the service abroad of judicial and extrajudicial documents in civil or commercial matters, (The Hague, 1965), 20 UST 361; TIAS 6638; 658 UNTS 163.

Convention on the taking of evidence abroad in civil or commercial matters, (The Hague, 1970), TIAS 7444.

Labor

Amendments:

19 UST 7802; TIAS 6611 (1965).

20 UST 2529; TIAS 6716 (1967).

PART II—STATUTES

STATUTES WHICH HAVE A SIGNIFICANT EFFECT ON U.S. CITIZENS LIVING ABROAD

Title 5. Government Organization and Employees.

§ 8102. Compensation for disability or death of employee. (Applies to employees in foreign countries.)

§§ 8103–8135. Various other provisions relating to compensation for injuries or death of employees, including medical services, vocational rehabilitation, disability payments, and so on.

§ 8136. Initial payments outside the United States.

Chapter 83.—Retirement. (Applicable wherever the retiree lives.)

Chapter 85.—Unemployment Compensation.

Chapter 87.—Life Insurance.

Chapter 89.—Health Insurance.

Title 7. Chapter 20. Food Stamp Program.

§ 2014. Eligibility standards. Citizens residing outside United States not within the eligibility standards.

Title 8. Aliens and Nationality.

§ 1101(a)(22), defines "national of the United States."

§ 1101(a)(33), defines "residence."

§ 1185(b). Travel control of citizens during war or national emergency.

§ 1221. Record of citizens leaving permanently for foreign countries.

§ 1401. Nationals and citizens of United States at birth.

§ 1401a. Birth abroad before 1952 to service parent.

§ 1409. Children born out of wedlock.

§ 1431. Children born outside United States of one alien and one citizen parent; conditions for automatic citizenship.

§ 1432. Children born outside of United States of alien parents, conditions for automatic citizenship.

§ 1433. Children born outside United States, naturalization on petition of citizen parent; requirements and exemptions.

§ 1434. Children adopted by citizens.

§ 1435. Former citizens regaining citizenship.

§ 1438. Former citizens losing citizenship by entering armed forces of foreign countries during World War II.

§ 1451. Revocation of naturalization. (Subsection (d) Foreign residence.)

§ 1452. Certificates of citizenship; procedure. (Certificates only available if citizen is in the United States.)

§ 1481. Loss of nationality by native-born or naturalized citizen; voluntary action; burden of proof; presumptions.

§ 1482. Dual nationals; divestiture of nationality.

§ 1483. Restrictions on expatriation.

§ 1484. Loss of nationality by naturalized national.

§ 1485. Inapplicability of § 1484 to certain persons.

§ 1486. Inapplicability of § 1484(a)(2) to certain persons.

§ 1487. Loss of American nationality through parents' expatriation; not effective until persons attain age of twenty-five years.

§ 1489. Application of treaties; exceptions. (Women do not lose American nationality by marrying aliens and residing abroad.)

§ 1501. Certificate of diplomatic or consular officer of United States as to loss of American nationality.

§ 1502. Certificate of nationality issued by Secretary of State for person not a naturalized citizen of United States for use in proceedings of a foreign state.

§ 1503. Denial of rights and privileges as national.

Title 15. Commerce and Trade.

Chapter 2A—Securities and Trust Indentures.

Subchapter II—Foreign Securities.

Sections 77bb–77mm. Provisions dealing with "Corporation of Foreign Security Holders." [Corporation of Foreign Bondholders Act, 1933.]

Section 78dd. Foreign securities exchanges. [Securities Exchange Act of 1934.]

Chapter 41—Consumer Credit Protection. §§ 1601–1681.

Title 18. Crimes and Criminal Procedure. [Whether or not there is extra-territorial jurisdiction depends upon the particular criminal statute concerned.]

§ 1919. False statement to obtain unemployment compensation for Federal service.

§ 1920. False statement to obtain Federal employees' compensation.

§ 1921. Receiving Federal employees' compensation after marriage.

§ 1922. False or withheld report concerning Federal employees' compensation.

§ 1923. Fraudulent receipt of payments of missing persons.

Chapter 20.—Higher Education Resources and Student Assistance. (Generally, programs are established in cooperation with States and thus citizens residing abroad are not eligible as participants.)

Chapter 30.—Basic Education for Adults. (Again, programs are established in cooperation with States and thus citizens residing abroad are not eligible as participants.)

Title 22.—Foreign Relations and Intercourse.

Chapter 14.—Foreign Service:

§§ 801–1204.

(Note: § 805. Prohibitions, engaging in business abroad.)

§ 816. Educational facilities for children of employees.

§ 870. Staff officers and employees; employees recruited abroad performing duties of routine nature (salaries).

§ 1004. Selection-out benefits.

Subchapter VIII.—Retirement and Disability System. §§ 1061–1121.

Subchapter IX.—Allowances and Benefits. §§ 1131–1159.

§§ 1175–1179. Estates of decedents generally.

Chapter 21.—Settlement of International Claims.

Subchapters II–V. Claims against specified countries by United States nationals.

Chapter 23.—Protection of Citizens Abroad.

§ 1731. Protection to naturalized citizens abroad.

§ 1732. Release of citizens imprisoned by foreign governments.

Chapter 32.—Foreign Assistance.

§ 2174. American schools, libraries, and hospitals centers abroad.

§ 2370. Prohibitions against furnishing assistance.

Subsection (c). Indebtedness of foreign country to United States citizen or person.

Subsection (e). Nationalization, expropriation or seizure of property of United States citizens, or taxation or other exaction having same effect; failure to compensate or to provide relief from taxes, exactions, or conditions; report on full value of property by Foreign Claims Settlement Commission; act of state doctrine.

§ 2396. Availability of funds.

Subsection (d). Education of dependents.

§ 2504. Peace Corps volunteers.

Subsection (d). Disability benefits.

Subsection (e). Health care.

Subsection (f). Retirement and other credits based upon length of service.

Subsection (h). Tort claims; absentee voting.

Subsection (l). Legal expenses of defendant in judicial or administrative proceedings (foreign).

Subsection (m). Allowances and expenses of minor children.

Title 23.—Highways.

§ 308. Cooperation with Federal and State agencies and foreign countries.

§ 309. Cooperation with other American Republics.

Title 24.—Hospitals, Asylums, and Cemeteries.

Chapter 9.—Hospitalization of Mentally Ill Nationals Returned from Foreign Countries. §§ 321–329.

Title 26.—Internal Revenue Code.

Subtitle A.—Income Taxes.

§ 33. Taxes of foreign countries and possessions of the United States. (Credit.)

§ 37. Retirement income. (Credit disallowed in excess of the § 33 foreign tax credit.)

§ 104. Compensation for injuries or sickness. (This exclusion from gross income applies to certain foreign-related sources.)

§ 164. Taxes. (Deduction covers foreign real property, income, war profits, and excess profits taxes.)

§ 551. Foreign personal holding company income taxed to United States shareholders.
§ 553. Foreign personal holding company income.
§ 691. Recipients of income in respect of decendents.
Subsection (b). Allowance of deductions and credit. (Allowance of foreign tax deductions under § 164 and credit under § 33.)
§ 702. Income and credits of partner. (Allows partner to take account of distributive share of taxes paid to foreign countries as described in § 901.
§ 862. Income from sources without the United States.
§ 901. Taxes of foreign countries and of possessions of United States. (Election for credit, with certain exceptions.)
§ 902. Credit for corporate stockholder in foreign corporation.
§ 903. Credit for taxes in lieu of income, etc., taxes. (Another foreign tax credit.)
§ 904. Limitation on credit.
§ 905. Applicable rules.
§ 911. Earned income from sources without the United States. (Exclusion from gross income.)
§ 912. Exemption for certain allowances. (Exemption for Government employees and volunteers in foreign countries.)
§§ 951–964. Controlled Foreign Corporations. (Income tax treatment.)
§§ 981. Election as to treatment of income subject to foreign community property laws. (U.S. citizens living abroad.)
Subchapter 0.—Gain or Loss on Disposition of Property.
§ 1022. Increase in basis with respect to certain foreign personal holding company stock or securities.
§ 1246. Gain on foreign investment company stock.
§ 1247. Election by foreign investment companies to distribute income currently.
Subtitle B.—Estate and Gift Taxes.
Chapter 11. Estate Tax.
§ 2001. Rate of Taxes (Applies to all "citizens".)
§ 2014. Credit for foreign death taxes.
§ 2105. Property without the United States.
§ 2107. Expatriation to avoid tax.
§ 2108. Application of pre-1967 estate tax provisions. (Deals with "more burdensome foreign taxes on the transfer of decedents' estates.)
§ 2202. Missionaries in foreign service.
Chapter 12. Gift Tax.
§ 2501. Imposition of tax. (Applies to "any individual resident or nonresident.")
§ 2522. Charitable and similar gifts. (Deduction for citizens or residents.)
Subtitle C.—Employment taxes.
§ 3121. Definitions.
Subsection (b). Employment. (Special provisions for citizen-employees in foreign countries.)
Chapter 23. Federal Unemployment Tax Act.
§ 3306. Definitions.
Subsection (c). Employment. (Includes employment in foreign countries, other than Canada and the Virgin Islands.)
Chapter 41. Interest Equalization Tax.
Subchapter A. Acquisition of foreign stock and debt obligations.
§§ 4911–4920.
§ 6851. Termination of taxable year.
Subsection (a). Income tax in jeopardy. (Provisions relating to persons seeking to depart the U.S.)

Title 28.—Judiciary and Judicial Procedure.
§ 1696. Service in foreign and international litigation.
§ 1741. Foreign official documents.
§ 1745. Copies of foreign patent documents.
§ 1781. Transmittal of letter rogatory or request.
§ 1782. Assistance to foreign and international tribunals and to litigants before such tribunals.
§ 1783. Subpoena of person in foreign country.
§ 1784. Contempt.
§ 2401. Time for commencing action against United States. (Savings clause for persons "beyond the seas.")
Chapter 171. Tort Claims Procedure.
§2680. Exceptions. (This chapter not applicable to "any claims arising in a foreign country.")
Title 31. Money and Finance.
§ 224a. Settlement of claims for personal injury or death caused by Government officers and employees in foreign countries.
Title 35.—Patents.
§ 104. Invention made abroad.
§ 119. Benefit of earlier filing date in foreign country; right of priority.
§ 184. Filing of application in foreign country.
Title 38. Veterans' Benefits.
Chapter 3.—Veterans' Administration; Officers and Employees.
§ 235. Benefits to employees at oversea offices who are United States citizens.
§ 236. Administrative settlement of tort claims arising in foreign countries.
§ 624. Hospital care and medical services abroad.
Chapter 34.—Veterans' Education Assistance.
§ 1676. Education outside the United States.
Title 42.—The Public Health and Welfare.
§ 403. Reduction of insurance benefits. (Social Security).
Subsection (c). Deductions on account of noncovered work outside the United States.
§ 410. Definitions relatng to employment.
Subsection (a). Employment. (Covers employment in foreign countries.)
§ 428. Benefits at age 72 for certain uninsured individuals.
Subsection (e). Suspension where individual is residing outside the United States.
§ 1313. Assistance for United States citizens returned from foreign countries.
§ 1382. State plans for aid to aged, blind, or disabled or for such aid and medical assistance for aged.
Subsection (b). Approval by Secretary .(No approval for plans which impose "any citizenship requirement which excludes any citizen of the United States."
§ 1395f. Conditions of and limitations on payment for services.
Subsection (f). Payment for certain emergency hospital services furnished outside the United States.
Chapter 11.—Compensation for Disability or Death to Persons Employed at Military, Air, and Naval Bases Outside the United States.
§§ 1651–1654.
Chapter 12.—Compensation for Injury, Death, or Detention of Employees of Contractors with the United States Outside the United States.
§§ 1701–1717.
Chapter 15A.—Reciprocal Fire Protection Agreements. (Covers "fire protection facilities in any foreign country in the vicinity of any installation of the United States.")
§§ 1856–1856d.
§ 1973aa–1. Residence requirements for voting. (Abolishes durational residence requirements with respect to voting for the offices of President and Vice President.
§ 1982. Property rights of citizens. (Guarantees property rights of "all citizens of the United States.")
Title 45.—Railroads.
Chapter 2.—Liability for injuries to employees.
§ 51. Liability of common carriers by railroad, in interstate or foreign commerce, for injuries to employees from negligence; definition of employees.
Chapter 9.—Retirement of Railroad Employees.
§§ 228a-228z–1. (Railroad Retirement Act of 1937).
Title 46.—Shipping.
Chapter 23.—Shipping Act.
§ 825. Investigation by Commission as to acts of foreign governments.
§ 1281. Authority to provide insurance; consideration of risk. (War Risk Insurance.)
Title 49.—Transportation.
Chapter 20.—Federal Aviation Program.
Subchapter IX.—Penalties.
§ 1472. Criminal penalties. (Includes air piracy, carrying weapons aboard aircraft, and so on.)
Subchapter XI.—Miscellaneous.
§ 1502. International agreements. (Effectiveness thereof.)

AUTOMATIC DATA PROCESSING IN THE FEDERAL GOVERNMENT

Mr. RIBICOFF. Mr. President, as a member of the Ad Hoc Privacy Subcommittee of the Government Operations Committee, I have been especially concerned with the development, uses and abuses of automatic data processing in the Federal Government. The sharing and distribution of data about citizens has significant implications for the right of privacy.

Currently, S. 3418, in the Senate Government Operations Committee is concerned with determining what standards Congress should set for the protection of privacy in the development and management of Federal information systems.

Surely, we cannot allow information systems in the Federal Government to become technological monsters without proper and necessary controls to protect private rights against unnecessary collection and distribution of personal data—nor can we allow information vital to the public interest and the public's right to gain access to information to remain confidential.

However, it is important that Americans have knowledge of, have access to, and have the opportunity to change or clarify information about their lives which is part of a data bank system.

Mr. President, a recent editorial in the Washington Post, July 19, discusses the concern and need for legislation in this area. I ask unanimous consent that the article entitled "Controlling the Data Banks" be printed in the RECORD.

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

CONTROLLING THE DATA BANKS

Congressional concern about preserving civil liberties has been, over the years, a sometimes thing, so many people will be surprised if the current surge of legislative interest in protecting individual privacy actually produces much legislation. There are growing indications, however, that this year Congress might really follow through on at least one major privacy issue by enacting a measure to regulate data banks and protect citizens against the improper or undisclosed collection and use of personal information by the government.

The need for controls has been amply documented. After four years of work, Sen. Sam J. Ervin's Subcommittee on Constitutional Rights has just released a landmark study which itemizes 858 federal data banks containing over 1.2 billion records on identifiable individuals. Over 86 per cent of these files are computerized. Various data banks hold information on citizens' employment records, medical problems, driving habits, criminal histories, financial dealings, military service and other sensitive subjects. At least 29 files concentrate on derogatory information. In more than 42 per cent of the cases, citizens are not notified that such records about them are being kept. And only 16 per cent of all these data banks have been expressly authorized by law. All this is doubly awesome because the study is incomplete. It does not include the White House "enemies lists" or the records maintained by some agencies which refused to cooperate.

Clearly some basic rules need to be set before the government's penchant for collecting information grows and further out of hand. Last year an HEW advisory committee proposed several fundamental principles: that there should be no files whose existence is undisclosed; that citizens should be able to review and correct almost all records about themselves; that information gathered for one purpose should not be used for another without the subject's consent; and that extensive efforts should be made to protect the security and confidentiality of all files. These principles have been incorporated in the Koch-Goldwater bill in the House and in Senate measures sponsored by Sen. Ervin and several colleagues.

On both sides of the Capitol, useful hearings have already been held. The legislative efforts have received a strong assist from Vice President Ford, who pushed the Office of Management and Budget to submit some specific recommendations to the Hill.

For all this progress, however, the hard work is just beginning. Major disagreements have surfaced about the way that basic policies should be applied to governmental files as different as, for instance, the FBI's investigative dossiers and the masses of inactive records in the National Archives. Agencies have already started lobbying for exemptions for national security files, personnel records, census data and other categories. Indeed, some modifications will be required. For example, notifying the subjects of all files would be self-defeating for law enforcement agencies; for the Archives it would be impossible. But Congress should resist the pressures to write such broad, permanent exemptions into a law. The prudent course would be to authorize an oversight board to make exemptions in accord with strict guidelines and with ample opportunity for public comment before any data-collecting is allowed to proceed in secrecy.

Another major issue is how ambitious legislation should be. Some bills would reach not only federal files but also state, local and private data banks. Ultimately these files should also be subject to controls, since citizens can be hurt just as badly by the misuse of private records as by federal mistakes. Yet Congress may not know enough about the multitude of nonfederal files to deal intelligently with them all at once. The difficulties encountered in trying to regulate credit reporting and limit the traffic in arrest records suggest that a careful, step-by-step approach is best outside the federal domains. By reforming the policies for federal agencies and federal aid recipients, this Congress can set a strong example for the states and give citizens far more assurance that they won't be hurt by information lurking somewhere in a data bank.

SOVIET MILITARY PRODUCTION

Mr. THURMOND. Mr. President, the July 13, 1974, issue of the Sun News, Myrtle Beach, S.C., contained an article by Mr. Ernest Cuneo entitled "Russian Steel Goes to Military."

This article draws attention to the fact that the first rule of espionage analysis is that the intent of a major power can be measured by what it does with its steel.

It is significant, therefore, that Russia now produces more steel than the United States and an extremely large percentage of this production goes to military requirements.

This is an important article and I urge its careful study by my colleagues.

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

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

RUSSIAN STEEL GOES TO MILITARY

(By Ernest Cuneo)

WASHINGTON (NANA).—It is a first rule of espionage that the intent of a major power can be measured by what it does with its steel.

Hitler well knew this. He hid Germany's vast increase in steel production, moving the thick armor plate out at dead of night to conceal his vast rearmament program.

It took the best teams in Great Britain's international intelligence service to ferret out the destination and use of the metal of the roaring Ruhr blast furnaces, but the British managed to do it.

In thumbnail description, from whence goes the steel and oil, there comes, eventually, the offensive. Not all offensives are military; the threat of a military offensive, on the other hand, is the base of a diplomatic offensive.

The amount of steel a nation produces is the first mark of its strength. It is significant, therefore, that Russia now produces more steel than the United States.

Even more interesting, however, is what Russia is doing with its steel. Russia is, in fact, engaged in a tremendous crash military hardware production effort. Highly qualified London experts note the accelerated production of Russian tanks. The Russian army has massed some 18,000 tanks in Central Europe as against some 7,000 tanks of the combined NATO forces.

Russian steel production has doubled in the past 10 years. So has Russian tank production. Nearly 50,000 tanks have rolled off the Russian assembly lines, among them more than 19,000 of the excellent T62s, a first-class modern job. Add to this some 24,000 755s and it spells out a tremendous Blitzkrieg force, as compared with which General Patton's famous Third Armored is virtually a Christmas toy as measured by firepower.

Moreover, as hapless Czechoslovakia learned in the heartbreak of 1968, Russian armor is extremely mobile. A half-million Russian soldiers, spearheaded by tanks, occupied Czechoslovakia in little more than a week.

The crash program has been highly successful. In the past 30 months, effective deployable armor is up about 30 per cent, the always strong Russian artillery has been doubled in strength and the overall Red army strength has been increasing 50 per cent by simply increasing the years of military service from 2 to 3 years.

There is no question whatever about the present superiority of Russian and Warsaw Pact nations over the forces of NATO. Moreover, the proportionate strength of the Russians is growing.

But, though the land forces of the Soviets are a matter of prudent concern, the truly awesome growth of Soviet seapower is, in the opinion of American experts, a far greater threat to the West than the massing of the Russian army in the land mass of Europe and Asia.

The Red navy now has four deep-sea fleets and not less than 375 active longrange submarines, with a projected total of 585 scheduled for the 1970s. By way of comparison, Hitler's navy accounted for an average of 700,000 tons sunk per month with a basic submarine fleet of only 51.

The Baltic Sea is a forest of Red masts. Some knowledgeable people believe the naval concentration there carries the greatest broadside firepower in recorded history.

The opening of Suez, of course, will compound the strength of the Red Black Sea-Mediterranean forces by permitting the union in the Red Sea of this Russian fleet with flotillas from the powerful Red Pacific fleet.

Thus, whatever may be the diplomatic talk of detente and of the thawing of the cold war, Russia relentlessly pursues a policy of unprecedented armament building, approaching what would have been called before World War II a massive mobilization.

The American answer to this has been to cut the American fleets by 350 ships and to introduce a volunteer system which is little less than a personnel catastrophe.

In addition, our jittery Western allies have been all but panicked by the insistence on the floor of the U.S. Senate that American troops in Europe be cut by 150,000 men.

But this, to a degree, makes sense; in the absence of a remedy for the huge relative military decline of the West, the present disarray of NATO's military posture evokes unpleasant memory of the fate of Gen. Custer.

In brief and perhaps tragic testimony, retired Chief of Naval Operations Adm. Elmo R. Zumwalt, told the Congress that without assistance from our allies, the U.S. 6th Fleet in the Med could not answer for the security of that crucial sea.

A free translation of this is that the Soviet navy, with superior missile range and brand new ships, has successfully challenged the complete superiority which the U.S. 6th Fleet had maintained until the middle '60s.

Add to this that much of the Russian armament is going West to Europe and not East to the Russo-Chinese border. Add further, that detente has been slowed down almost to a halt in the U.S. Congress because of the massive Red military buildup and there is some hint, at least, that a fierce Russian diplomatic offense against the West is an increasing possibility.

When British intelligence reported to the late unlamented Prime Minister Stanley Baldwin that Hitler was arming to the teeth, Baldwin suppressed the news on the ground that his party would lose the election if it were known.

The American political situation is as bad; the truth is not being told. Neither of the major American parties has called Russian rearmament to the attention of the American people, founded on the perhaps correct belief that the American people will

vote out of office any man who brings them unpleasant news.

But history suggests that he who will not face facts in the beginning must face faits accompli in the end.

THE ARCHDIOCESE OF NEWARK GETS A NEW ARCHBISHOP

Mr. WILLIAMS. Mr. President, last month the Archdiocese of Newark received a new leader when Archbishop Peter Leo Gerety was installed as a successor to Archbishop Thomas A. Boland, who has retired at the age of 78.

The Archdiocese of Newark, with more than 2 million Roman Catholics, is the fourth largest in the United States. Leadership of this large and diverse population is a demanding and challenging task, but one of which I feel confident Archbishop Gerety is well capable. Certainly, he compiled a distinguished record in his last assignment as Archbishop of Portland, Maine, and he has made it clear that he has brought the same positive attitude that served him so well there with him to Newark.

Mr. President, Archbishop Gerety has expressed some most interesting views on the nature of his task in Newark, and I ask unanimous consent for an article from the Newark Star-Ledger outlining those views to be printed in the RECORD.

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

GERETY INTENDS TO RETAIN "PERSON-TO-PERSON" STYLE

(By Monica Maske)

The new Archbishop of Newark, Peter Leo Gerety, who formally assumed office Friday, expects to continue the tradition he began in a Maine diocese of "visiting the faithful and all the various institutions."

Archbishop Gerety, in an interview with The Star-Ledger, said he is "anxious" to meet with the faithful at the archdiocesan offices and churches in the coming months.

The third Archbishop of Newark was installed during a solemn church pageant in Sacred Heart Cathedral. Close to 3,000 high church and state dignitaries, priests, nuns and lay people were present, including Archbishop Jean Jadot the Apostolic Delegate of Pope Paul VI, and Archbishop Thomas A. Boland, who introduced his successor.

Archbishop Gerety's enthusiasm to reach, through personal meetings, the clergy, religious and lay people, which number close to two million, follows from his thinking on the role of an archbishop.

Conceding that a church leader today "needs something of the wisdom which God granted to Solomon," the archbishop formulated his task as one of "reconciliation, of casting out divisions and of healing wounds," words which he used both in his installation homily in Sacred Heart Cathedral and to The Star-Ledger.

"One of the foremost tasks of any bishop today is to be a center of unity in the diocese. Part of our function and one of our chief concerns is bringing together human persons in Christ," he said in the interview.

The new archbishop declined to specify what programs he might have in mind for the Newark archdiocese, adding he has had "no chance to get down to the nitty-gritty of plans and priorities."

"This requires an intimate knowledge of the people," Archbishop Gerety said.

His style as a bishop in the Portland, Maine diocese, where he served as bishop from 1966 until his papal appointment to the Newark archdiocese, was to be in touch with the problems of the community, both Catholic and non-Catholic.

In Portland, he spoke out on the issues of poverty, housing and the treatment of the Indians on the three reservations in Maine. He has spoken out against racism and for law and order, justice and peace.

Archbishop Gerety was one of a group of Catholic bishops who signed a statement condemning U.S. bombing in Vietnam and he has supported the United Farm Workers grape boycott.

In the Catholic Diocese of Portland, his main thrust was toward communication among all groups. He sent out questionnaires, which asked such questions as what it means to be a Christian and why people are dropping out of parishes.

He traveled throughout Maine, establishing a "campus parish" to serve the students and faculty of Maine's 27 colleges and setting up numerous diocesan offices such as vicariates, clergy senates and parish councils.

In 1968, after a report revealed a 25 per cent decrease in enrollment in Catholic schools, he called a press conference to say the schools must be consolidated wherever possible for maximum use of religious personnel.

In his installation homily, Archbishop Gerety referred to the two million Catholics and the large number of archdiocesan institutions as a "dazzling array of talent."

The Catholic Church, he told The Star-Ledger, "is in the process of an enormous effort of renewal. That process includes the whole business of tapping talent and listening to the voice of Christ."

One means of reaching out to the faithful for Archbishop Gerety was arrived at by his decision to live in the rectory at Sacred Heart Cathedral, which was built by Archbishop Thomas J. Walsh as a bishop's residence.

The first archdiocesan administrator to live within the City of Newark, Archbishop Gerety's predecessors have lived in a mansion in the Llewellyn Park section of West Orange.

The cathedral rectory, he said, will afford him the opportunity of living among the priests with whom he will be working.

In the Newark Archdiocese, he will oversee 233 Catholic elementary schools, 50 high schools, six colleges, a seminary, a mission, nine hospitals and seven child-care facilities.

The archdiocese has approximately 1.7 million Catholics, of whom 15 per cent is Spanish-speaking. By contrast, the Diocese of Portland has 270,000 Catholics, of whom about 180,000 are of Canadian descent and are French-speaking.

One of the first examples of Archbishop Gerety's style of getting to know all the people in the archdiocese was apparent during the receptions at Thomm's Restaurant and the Robert Treat Hotel immediately following the 2½-hour installation Mass at the Cathedral.

With more than two-third of the nearly 3,000 persons present at the installation attending the receptions, Archbishop Gerety made a point to visit every banquet room at both restaurants.

He was accompanied by retired Archbishop Thomas A. Boland, who briefly and informally introduced the new archbishop and thanked the assemblage for its prayers and cooperation during his 21 years as Archbishop of Newark.

Archbishop Gerety told the guests, "Hello and thank you for the wonderful joy you have given through this wonderful outpouring of affection.

"We have a tremendous path to follow, one started by Archbishop Boland, of renewal of the Church.

"Let's all get together in the renewal of the Church," he concluded enthusiastically. "I just wanted to say hello. We'll be seeing a lot more of one another in the future."

After greeting the guests in each of the reception rooms, the new archbishop received a standing ovation from the priests, nuns and lay people. The reaction of the faithful in the cathedral after the archbishop was installed was similar.

The installation ceremony began with a long, formal procession from the rectory to the main entrance of Sacred Heart Cathedral. An honor guard of Knights of Columbus lined the main aisle as the procession entered.

Archbishop Boland, who did not participate in the procession outdoors, greeted his successor at the foot of the altar.

After the assemblage was seated, Msgr. John J. Ansbro, the vicar general of the archdiocese, read the official document from Pope Paul VI appointing Archbishop Gerety to the Newark Archdiocese.

In the letter, the Pontiff told the new archbishop, "Clearly, your wise and praiseworthy conduct of diocesan affairs in Portland leads us to believe that you are now capable of undertaking a higher level of responsibility for the glory of God and the salvation of souls. Therefore, we release you from your ties to the Diocese of Portland and by law transfer you to the Archdiocese of Newark."

Archbishop Jean Jadot, the apostolic delegate to the United States, next told the faithful that "as the representative of the Pope, we express gratitude and appreciation to Archbishop Boland for his many years of dedication in service to God and his people."

The apostolic delegate wished the new archbishop good health, joy and happiness as he begins this new work." A standing ovation for both Archbishop Boland and Archbishop Gerety followed.

Archbishop Boland, although he had some assistance up the stairs of the pulpit, said in a firm, clear voice that on behalf of the assembly, he "deeply appreciated that the apostolic delegate found it possible to attend the installation, to honor Archbishop Gerety and the whole Church of Newark."

The retired archbishop, recently hospitalized for spinal arthritis, went on to say that it was "my privilege to welcome most cordially in the province, as metropolitan and as the third Archbishop of Newark, Peter Leo Gerety."

"And I assure you of my unremitting prayers as you carry out the exhaustive responsibility which you have accepted."

He said a "new bond" was formed among the people of the Newark Church and called on the priests and religious and lay people "to work together to write new pages in the great achievement of the glory of God and the salvation of souls."

"From our hearts, we wish you welcome and pray to Almighty God to make it a most happy and successful day," Archbishop Boland concluded.

A solemn High Mass, with Archbishop Gerety the principal celebrant and Archbishop Boland and Archbishop Jadot, the co-celebrants, followed. The entire ceremony during which the organ and trumpet played as the faithful sung the various hymns, took nearly three hours.

Among those present were numerous high Church officials from the Eastern Seaboard, bishops from New Jersey and neighboring states, including Archbishop Gerety's home state of Connecticut and Maine, and hundreds of priests and nuns.

Secular dignitaries included Gov. Brendan T. Byrne and Newark Mayor Kenneth A. Gibson, who received Communion from Archbishop Gerety.

Also among the guests were members of Archbishop Gerety's family. Seven of his eight brothers (one died during World War II) were present along with their families.

Present were Mr. and Mrs. Pierce J. Gerety of Southport, Conn.; Mr. and Mrs. William F. Gerety of Windsor, Conn.; Rev. John L. Gerety, pastor of St. James Church in Jamesburg; Dr. and Mrs. Edward J. Gerety of Albuquerque; Mr. and Mrs. Eugene P. Gerety

of Newton, Conn.; Thomas C. Gerety of Fairfield, Conn., and Dr. and Mrs. Robert P. Gerety, of Easton, Conn.

THE NEED TO LIMIT BEEF IMPORTS STILL EXISTS

Mr. DOMENICI. Mr. President, I have taken the floor today to call attention to a policy embraced by the European Economic Community which could have a far-reaching and disastrous effect on the beef industry of the United States.

As two recent articles in the Washington Post point out, Common Market farm ministers have approved a complete ban on beef imports to be effective through October. I should also state that Canada and Japan have previously taken similar actions.

There is a surplus of world beef supplies and these actions by foreign governments leave the United States in the extremely vulnerable position of being the only major beef-eating nation in the world with unrestricted import regulations relating to beef.

Although there has recently been slight reductions in beef imports, this is not a result of "voluntary" restraint, but a result of our depressed cattle prices. And now, this surplus beef from Australia and other countries will enter the U.S. market simply because the U.S. market is available, and the only significant market available.

The United States will become again the "dumping ground" for these beef exporting countries. As one of my beef industry constituents recently told me, "We're headed for a wreck."

Mr. President, I have previously pointed out the chaotic market conditions confronting our Nation's cattle producers today. I am an original cosponsor of S. 3525, a bill to reinstate the quota system on beef imports. In the light of recent events I must emphatically reiterate my position on this matter. I call once again for the swift enactment of this bill.

Mr. President, I ask unanimous consent that these two articles from the Washington Post pertaining to the recent beef embargo by the European Economic Community be printed in the RECORD.

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

[From the Washington Post, July 17, 1974]

BEEF IMPORTS BANNED TO COMBAT SURPLUS

(By Douglas Ramsey)

BRUSSELS, July 16.—Under pressure from European cattle raisers, Common Market farm ministers tonight approved a ban on all beef imports to reduce the present massive surplus of domestic and foreign meat.

The ban on imports will continue through Oct[illegible]ber.

It replaces the current scheme which forces beef importers to buy the same poundage from European surplus stocks that they import from other countries. Imports into the nine member countries exceeded 250,000 tons at mid-year, ten times the amount forecast in January, an EEC spokesman said.

Official U.S. observers say that the move could cause a serious diversion of beef onto the American market, where the cattle lobby is already pressing for action to reduce imports. This has led observers to speculate that Washington may be forced to reintroduce import quotas which were lifted in early 1973.

The beef glut in the Common Market reached crisis proportions with the announcement two weeks ago that over 220,000 tons will have to be stockpiled by the end of this year, a record high.

The situation has already reached the point where refrigerated warehouses are unable to store any more beef.

France and Ireland were the prime movers behind the import ban. Between them, these two countries have piled up over 75,000 tons of beef, over 50 per cent of the current EEC surplus.

Late this evening, the farm ministers were engaged in negotiating the details of other measures to help reduce surplus beef in the Common Market. The package is almost certain to include two other major measures, one Irish official said.

Subsidies to cattle raisers would be granted to encourage them to delay slaughtering until January when supply is normally at its lowest.

The EEC will pursue an "active" export policy, which would mean higher amounts paid to farmers who export their beef. This move would be seen as giving tacit approval of a rumored "cheap sale" of beef to the Soviet Union.

The subsidies to cattle raisers could cost as much as $350 million. They would be paid each month after October to keep beef on the hoof. The goal is to keep it off the market in a peak supply period.

Viewed in the light of two years of constant fluctuation between surplus and shortage on the European beef market, today's move came as no surprise. In early 1973, the EEC raised the prices which are guaranteed to cattle raisers by over 25 per cent to stimulate production.

In retrospect, that decision was an overreaction. It caused an estimated 15 per cent increase in production this year while consumption has remained the same.

It is nevertheless clear that imports are the prime cause for the glut. In January, the EEC executive commission estimated that only 25,000 tons of imports would be necessary to fill the gap between EEC consumption and production this year.

Yet in the first half of 1974, the nine member countries imported a total of 264,000 tons of beef.

With retail prices remaining at the same levels as last year, wholesalers are apparently making a big killing on the lower prices they are paying to cattle farmers. This has led to farm demonstrations in Italy, France and Belgium over the last week to get their farm ministers to take swift and concrete action.

Europe's import ban is likely to come under heavy international criticism. Apart from Australia, Argentina and other traditional suppliers of the Common Market, consternation is certain to be voiced by Washington which will now come under greater pressure from American cattle interests to stem the flow of imports into the U.S.

Critics of the scheme note that the ban excludes for the forseeable future any let up in retail beef prices, as might otherwise have been expected. On the contrary, they say, as imports grind to a halt the price of beef in the grocery store is certain to rise.

[From the Washington Post, July 18, 1974]

UNITED STATES RAPS EUROPE FOR LIMITING BEEF

(By Dan Morgan)

The United States criticized the European Common Market yesterday for banning beef imports through October, at a time when most rich nations are struggling to reduce big meat surpluses.

State Department spokesman Robert Anderson said the United States "deeply regrets" the European action and would raise the issue in Geneva Friday at a meeting of major trading countries.

U.S. officials carefully refrained from outlining possible retaliation measures that might be taken if the Europeans refuse to reverse the action. However, some administration sources expressed fears that it could increase pressure for American quota restrictions and possibly trigger a round of protectionist steps by various nations affected.

Japan, because of rising meat prices and excess supplies, has informally limited imports "temporarily." Canada stopped importing American meat some weeks ago, claiming inadequate assurances that U.S. cattle had not been fed the chemical fattener DES, a suspected cancer agent.

Administration officials suspect that the Canadian ban may have been as much political as technical. They speculate that the Canadian government, in the midst of a national election campaign which ended July 8, was wooing ranchers by holding back the American meat.

The U.S. government fears that these barriers, along with the European import ban voted by Common Market agriculture ministers Tuesday, will cause meat from Australia and New Zealand to be diverted to this country.

This, in turn, could add to the troubles of American livestock owners who have been caught between beef over-production and a slackening of consumer demand resulting from continued high prices.

Concern for the producers was expressed by Congress this week when it passed a $2 billion emergency program of government guarantees of private loans to them. However, Sen. Bob (R-Kan.), a cosponsor of the measure, said import quotas could take its place if the President vetoed the bill. Agriculture Secretary Earl Butz reportedly opposed import quotas earlier this month.

The European action came amid reports of a beef glut of crisis proportions there, with estimates of a 220,000-ton stockpile by the end of the year. Refrigerated warehouses are running out of space.

Angry farmers demonstrated in France, Italy and Belgium for force quick action. In his statement yesterday, State Department spokesman Anderson said:

"While we recognize that the internal market situation in the (European) community is serious, the community is not alone in facing the problem of depressed prices for domestic producers as a result of the current excess of world beef supplies."

Anderson said the department was "disappointed" with the European "unilateral action," and said the United States had not been consulted in advance.

Informed sources said last night that U.S. representatives would also demand that Japan lift its import quotas on beef when the executive council of the General Agreement on Tariffs and Trade meets Friday in Geneva.

JAMES A. FARLEY HONORED BY UNIVERSITY OF NOTRE DAME

Mr. BAYH. Mr. President, it is with a great deal of pride that I call to the attention of my colleagues a high honor which the University of Notre Dame has justly awarded to James A. Farley.

As those of us in the Senate well realize, Jim Farley has served his country and his party with great devotion over the years. As Postmaster General under President Franklin D. Roosevelt, and as

long-time Chairman of the National Democratic Committee, Mr. Farley brought the finest standard of public service and personal integrity to bear on all his efforts.

It is to the credit of the University of Notre Dame, in South Bend, Ind., that it saw fit to honor Jim Farley this spring with the Laetare Medal—the highest honor which the university may bestow on any individual. As my friend, Father Theodore Hesburgh, the president of Notre Dame, said in announcing the decision to honor Mr. Farley:

In a day when the craft of politics is held in low esteem by the general public, it is well for us to honor a man who practiced it with both integrity and affability.

Jim Farley is such a man. He has brought great and lasting credit to his country, his party and his church by adhering through his life to the highest tradition of public service.

Mr. President, because of the great personal respect which I hold for Jim Farley, and because I think he is so deserving of the award he has received, I request unanimous consent to include in the RECORD the telegram announcing his selection, a news account of the award from the South Bend Tribune and an article about Jim Farley from the June issue of Notre Dame magazine.

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

[Telegram]

HON. JAMES A. FARLEY,
Waldorf Astoria Hotel,
New York, N.Y.

I am delighted to inform you that Notre Dame has named you Laetare medalist for 1974. We take pride in welcoming you to the select circle of extraordinary Catholic men and women who, by achievement and personal example, have brought glory to the church and our beloved country. The announcement will not be made in the press until Sunday, but I am delighted to extend my personal congratulations and good wishes in advance. I know that many others will rejoice in seeing this honor conferred upon you.

REV. THEODORE M. HESBURGH,
CSC, President, University of Notre Dame.

[From the South Bend (Ind.) Tribune, March 24, 1974]

JIM FARLEY AWARDED NOTRE DAME'S HIGHEST HONOR

(By Paul Lamirand)

James A. Farley, former postmaster general, has been chosen to receive the 1974 Laetare Medal, the University of Notre Dame's highest honor.

The choice of Farley—a major influence in the Democratic Party in the 1930s and one-time political ally of the late Franklin Delano Roosevelt—to receive the award was announced Saturday by Rev. Theodore M. Hesburgh, C.S.C., Notre Dame president.

Father Hesburgh said, "In a day when the craft of politics is held in low esteem by the general public, it is well for us to honor a man who practiced it with both integrity and affability."

The medal normally is presented at Notre Dame commencement exercises, scheduled this year for May 19. It has been given annually since 1883 to outstanding American Catholics.

Farley, 85, is currently honorary chairman of the Coca-Cola Export Corp. He lives in New York City.

Born the son of an Irish brick manufacturer in Grassy Point, N.Y., in 1888, Farley completed high school and worked 15 years for a gypsum company as a bookkeeper, company correspondent and salesman.

His first foray into politics was his election as town clerk for Stony Point, N.Y. in 1911.

He moved up through various state Democratic Party positions to state chairman in 1930, the year Roosevelt was re-elected governor of New York by a record 725,000 votes.

Following Farley's service as floor leader of the 1932 Democratic Convention, he became postmaster general after Roosevelt's election. He also served as chairman of the Democratic National Committee.

In August, 1936, he took a leave without pay to run Roosevelt's second successful campaign.

Farley split with Roosevelt over the third-term issue. He resigned from the cabinet post and campaigned only perfunctorily for Roosevelt's third term. Just before the 1944 convention, Farley resigned as national party chairman to dramatize his opposition to a fourth term for the President.

The unchallenged honesty of Farley known as "Gentleman Jim" and "Genial Jim"—has been commented on by several biographers.

He is said to have left the $15,000-a-year cabinet post in debt because he demanded that a building materials firm he founded should not solicit orders where his influence would count and should reject all public business offered.

Farley has two married daughters, a son, and 10 grandchildren. His wife, Elizabeth, died in 1955.

Farley joins a list of Laetare Medal winners which includes President John F. Kennedy (1961), Clare Booth Luce (1957), Sargent Shriver (1968), Supreme Court Justice William J. Brennan Jr. (1969), and Dorothy Day (1972).

[From the Notre Dame Magazine, June 1974]

SALUTING A MAN OF HONOR

James A. Farley, an internationally prominent Catholic layman for more than 40 years, received the 1974 Laetare Medal, the University of Notre Dame's highest honor, at a dinner May 16, in the Waldorf-Astoria Hotel in New York City.

The choice of Farley, Postmaster General under Roosevelt and currently honorary chairman of the Coca-Cola Export Corporation, to receive the award, given annually since 1883 to outstanding American Catholics, was announced March 23. "In a day when the craft of politics is held in low esteem by the general public," Father Hesburgh said, "it is well for us to honor a man who practiced it with both integrity and affability."

Although Farley never held a high elective political office, he became a major influence in the Democratic Party in the 1930's. His political career began in New York State where he became Gov. Franklin D. Roosevelt's field man as the governor looked toward the 1932 Democratic presidential nomination, and no one was more effective at the traditional approach to party workers—the personal letter, the long-distance call, and the handshake. The indefatigable Farley was Roosevelt's floor leader at the 1932 Democratic Convention which nominated the New York governor for the presidency. After Roosevelt's election, Farley became Postmaster General in his cabinet and also national chairman of the Democratic Party. He remained a mentor of the President and a familiar figure at the White House, and in August 1936, took a leave without pay from his cabinet post to run Roosevelt's second campaign, which resulted in a landslide victory.

It was after this victory that Farley revealed himself as good a customer of the mails as an administrator of them. He sat down and dictated more than 36,000 personal letters to Democratic workers from all over the country, exhausting six secretaries in the process. Even today, at 85, his trademark green signature goes at the bottom of an average of 120 letters a day, and on his birthdays some 6,000 cards and letters are received—and each is personally acknowledged.

Two other traits biographers never fail to mention are Farley's pleasant nature and his phenomenal memory for names and faces. The former quality earned him the nicknames "Gentleman Jim" and "Genial Jim," and the latter is surrounded by legends about those whom Farley met on occasions separated by several years and still recognized with an effortless first-name handshake.

Farley split with Roosevelt over the third-term issue, resigned as Postmaster General in August 1940, and campaigned only perfunctorily for Roosevelt's third term. Just before the Democratic Convention in 1944, he resigned as national party chairman to dramatize his opposition to a fourth term.

Several biographers have commented on Farley's honesty while in office. Although his Postmaster General's salary was $15,000, he left the cabinet in debt because he insisted that a building materials firm he had started in 1929, and in which he still had a business interest, should not solicit orders where his influence would count and should reject all public business offered.

The year he left the cabinet was also the year that Farley was elected chairman of the Coca-Cola Export Corporation, where he has been the number-one international salesman for the soft drink company. Only after a heart attack in 1972 did he cut back from a schedule which in 1971 included 131 luncheons and 105 banquets, most of them sponsored by groups interested in foreign trade. In May of last year he was appointed honorary chairman of the Coca-Cola Export Corporation. He continues to arrive at his New York City Coca-Cola office at 9:15 a.m. each morning and walks the three blocks back to his Waldorf-Astoria apartment between 4 and 4:30 p.m. in order to rest before dinner. A widower since the death of his wife, Elizabeth, in 1955, Farley has two married daughters and a son as well as 10 grandchildren. His biography includes a long catalogue of civic, religious and fraternal activities and honors, including some two dozen honorary degrees from colleges and universities.

Farley was the first Laetare Medalist to receive a rosette at the same time as the medal itself. The newly created lapel pin features a golden rose on a blue background. The flower signifies the medal's affinity to the "Golden Rose" bestowed by mediaeval popes on princes in recognition of their service to the Church and the public good. Blue and gold are the colors of the University as well as the Virgin Mary. The rosette has been distributed to all living Laetare Medalists. The medal itself, which has one side fashioned according to the profession of the recipient, is a solid gold disc not intended for wear.

THE REJUVENATION OF OIL WELLS

Mr. FANNIN. Mr. President, as a number of us have contended during recent debate on energy legislation, higher prices for oil has brought on a surge in drilling and also in secondary and tertiary oil recovery.

Original domestic in-place crude reserves since the Drake discovery well in 1859 are estimated at 434 billion barrels. Of this, 100 billion barrels have been produced, 36 billion barrels are recoverable by present primary and secondary

methods and 5 billion barrels are recoverable through future fluid injection.

That amounts to 32 percent of the 434 billion original in-place oil and leaves a target reserve of 298 billion barrels.

Industry leaders in the field of secondary and tertiary oil recovery vary in their estimates of the percentage of this 298 billion barrels that may eventually be recovered with new processes such as chemical and miscible flooding in addition to waterflooding and other secondary recovery projects.

Their estimates vary from 25 billion to a range of 50 to 60 billion barrels. This compares with the aforementioned estimates of 36 billion by present primary and secondary methods and an additional 5 billion barrels through future fluid injections.

Obviously, the higher figure is 50 percent more than the 41 billion barrels now expected to be recovered and at present rates of consumption would keep America in oil for about 10 years.

In view of the fact that we have been using oil at about twice the rate that we have been discovering new supplies or adding to our reserves, it would certainly seem worthwhile to develop the techniques necessary to recover those 50 to 60 billion barrels already discovered and in place.

But profitability and crude price performance are key items affecting all extra recovery projects. The possibility of continued high prices for stripper well oil as compared with the prices of a year and 2 years ago has radically changed the potential of several recovery methods.

But the specter of indiscriminate price rollbacks, the loss of depletion allowance, and spiraling inflation is keeping company management cautious and flexible and making it difficult for small operators to obtain financing for such projects.

Once Congress gets off the industry's back and spells out a rational energy policy, we will see not only a real effort by the domestic industry in drilling for new fields, but in the development and application of new techniques to recover that 50 to 60 billion barrels already there—if we can get it out.

Mr. President, as an example of what higher crude prices have already done, an oil well in Seminole, Okla., that was abandoned 10 years ago, has recently been reopened and is expected, after treatment, to produce double the amount it produced when abandoned.

It is costing the owner some $50,000 to reopen the well.

When the well was abandoned it was producing 5 barrels per day. The price of oil was then $3 per barrel.

At that price and production, the well was forced to close. But today, with new methods of treatment, the operator is hoping the well will produce about 10 barrels a day and at about $10 a barrel, it should be a profit making well.

The story of the rejuvenation of this and other wells in that area was carried in the July 14 edition of the Seminole, Okla., Producer and I ask unanimous consent that the article be printed in the RECORD.

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

[From the Seminole (Okla.) Producer, July 14, 1974]

OIL WELL ABANDONED 10 YEARS AGO IS BEING REOPENED HERE

(By Obbie Harvey)

With the price of oil having more than tripled in the last 10 years many local oil companies are re-opening abandoned wells and planning to produce them at a profit.

Such is the case of the Jim Cox Oil Company of Seminole which is in the process of re-opening the Shaw No. 1 well, located here on West Wewoka Street.

Oilman Jim Cox said the only reason for re-opening the Shaw No. 1 well for production is recent increases in oil prices.

"This particular well was abandoned April 28, 1964 and it was producing about five barrels of oil a day," said Cox. "The price of oil at that time was about $3 a barrel."

"At that price and production, the well was forced to close," said Cox. "But today, with new methods of treatment, we are hoping the well will produce about 10 barrels a day and at about $10 a barrel, it should be a profit making well."

Cox said the Halliburton Company of Seminole has been hired to treat the Shaw No. 1 well as soon as drilling is completed and said that treatment of the well can increase the production.

"It has taken about six months to re-open this well," said Cox. "It all began with an application to the Oklahoma Corporation Commission for permission to re-open the well."

The local oilman makes it sound like an easy business, but as he explains, the price of re-opening and operating a well has jumped almost as much or more than the price of oil.

"Just the price of pipe is about seven times as much as it was 10 years ago," said Cox. "And the price of tubing has risen about three times as much."

The Shaw No. 1 well was a 4,039-foot well and Cox said to reopen the well it will take about $14,000 in pipe and close to $10,000 in tubing.

"The total cost of re-opening this well and turning it into a producer will cost at least $50,000," said Cox. "And that is why more people are not in the oil business."

Cox said that several companies are beginning to re-open wells in the Seminole and surrounding area, but said most re-openings are taking place in Hughes and Pottawatomie counties.

"There is no doubt about it, the oil business is a risk, no matter what the price of oil is," he said. "If this well does not produce then several people are going to lose money."

Cox said the government is playing a big role in the oil business and is threatening to do great damage to the business.

"There is a lot of talk about doing away with the oilman's 22 per cent depletion allowance and I can guarantee that this would send the price of gasoline close to $1 a gallon," he said.

Oil companies are given a tax relief on 22 per cent of all money spent on drilling or re-drilling oil wells, said Cox, and if this is taken away the prices will have to go up to cover the extra expenses.

"I believe some companies are probably waiting to see what is going to happen to the depletion allowance before they begin any drilling," said Cox.

LEGAL SERVICES

Mr. TUNNEY. Mr. President, President Kennedy was one of the first to speak of consumers' rights. Perhaps most important among these rights is the right to know: to have access to the basic information upon which to base rational, informed decisions.

We are not accustomed to viewing citizens in need of lawyers as consumers. Yet the choices they exercise may well have as profound an impact on the quality of life—and their pocketbooks—as any choices they make.

The organized bar has traditionally withheld fee and related information about lawyers on grounds it claims are "rooted in the public interest." Ethical Consideration 2–9 of the Code of Professional Responsibility continues:

> Competitive advertising would encourage extravagant, artful, self-laudatory brashness in seeking business and thus could mislead the layman. Furthermore, it would . . . bring about distrust of the law and lawyers . . . [and] public confidence in our legal system would be impaired. . . .

But 15 months of hearings by the Subcommittee on Representation of Citizen Interests have shown that bar association restrictions on the marketing of legal services help to inflate fees, deter millions from seeking lawyers because of their perceptions that they would not be able to afford them, and leave the consumer blind in the legal supermarket. All this at a time when consumers—pressed by inflation—can hardly put food on their tables.

Today, an important new guide to legal services is being released in California. Compiled by the Group Legal Institute of California, a nonprofit organization comprised of consumer, labor, church, and senior citizen representatives, this new guide surveys all of the group legal service plans in the State. Further, it analyzes each plan in terms of the number of individuals served, the number of lawyers involved—with statistics on women and minority practitioners—the percentage of lawyers' time spent on the plan and provides samples of fee schedules.

I am sure that able and well-meaning representatives of the bar can find fault with this pamphlet. It may be that there are equally sound methods of providing access to basic consumer information about lawyers. But I know of no comparable efforts by these critics or any other group. For this reason—for this pioneering effort in basic consumer education—the project must be viewed as an undertaking of profound importance. Its challenge should be welcomed. The bar has nothing to fear—as business has nothing to fear—from an informed constituency.

I ask unanimous consent to print the introduction of this pamphlet in the RECORD.

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

YOUR SON HAS JUST BEEN ARRESTED FOR DRUNK DRIVING, YOUR CREDITORS ARE ON YOUR BACK FOR $200, YOUR DOG JUST TOOK A CHUNK OUT OF THE POSTMAN'S LEG, AND YOU'RE BEING SUED FOR DIVORCE—WHAT DO YOU DO?

You need a lawyer, fast. But, if you're like three out of four people polled on this sub-

ject, you have no idea where to find a competent attorney who charges reasonable rates. The plain fact is that, as with many other professional services, legal fees have become far too expensive for the average person to afford.

A simple marital dissolution can cost anywhere from $350 to $500 in California. A simple individual bankruptcy can run to $600. In personal injury cases, lawyers usually collect one-third to one-half of any recovery. And even if you can afford a lawyer, how do you know if he's competent?

If we had things like no-fault insurance and do-it-yourself divorce clinics, we might be able to get by without lawyers. But we don't. As a result, many Californians are faced with situations where they have to find a lawyer. To help those people find competent legal counsel at a price they can afford, a new concept called Group Legal Services has emerged.

Group Legal Services operates on the same principle as prepaid medical plans. It enables member organizations to contract for low-cost legal representation for their members. The arrangement may be on a fee-for-service basis, where a member pays only for the services he receives, or it may involve a small prepayment ranging from $10 to $50 a year, which covers legal representation for certain types of problems.

Besides the financial savings, group legal plans enable members to talk to a lawyer before a problem becomes serious. And lawyers can be evaluated by the group, so that you'll be assured of getting a competent attorney who can help you with your particular problem.

But one problem remains. There are dozens of group legal plans, all over the state. The different plans vary substantially in many important respects. How do you know which one is right for your organization?

To help make group legal plans more comprehensible to the average citizen, a number of consumer, labor, church and senior citizen representatives got together and formed the Group Legal Institute of California.

A non-profit public service organization, GLIC undertook a survey of all the legal services plans in the state, analyzing and evaluating each one. The survey was produced with the help of a special advisory board, none of whose members were lawyers. The results of the first part of that survey are set forth on the accompanying charts.

The initial phase of GLIC's survey covers only fee-for-service plans where no substantial prepayment is involved. A subsequent survey, dealing with prepared programs, will be published later this year.

By studying the enclosed material, you should be able to find a plan that's just right for your needs. And then, the next time you have a legal problem, you'll know what to do about it.

AN INTERVIEW WITH ADM. THOMAS H. MOORER

Mr. THURMOND. Mr. President, Adm. Thomas H. Moorer, who recently retired as Chairman of the Joint Chiefs of Staff, was interviewed by reporters of the U.S. News & World Report on the subject entitled, "If the Soviets Continue Their Current Buildup." The questions and answers were published by the magazine in July 8, 1974, issue on the occasion of Admiral Moorer completing 4 years, as Chairman of the Joint Chiefs.

This assessment of the U.S. military capability compared to the Soviet Union, especially in the strategic nuclear area, by Admiral Moorer provides an objective analysis of the very real future threat to our national security, if the Soviet build-up in strategic nuclear capability continues.

Mr. President, I ask unanimous consent for this interview with Admiral Moorer to be printed in the RECORD at the conclusion of my remarks.

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

IF THE SOVIETS CONTINUE THEIR CURRENT BUILD-UP

(Interview With the Chairman of the Joint Chiefs of Staff, Admiral Moorer)

Q. Admiral Moorer, you have been Chairman of the Joint Chiefs of Staff for four years. Has the country's defense grown stronger or weaker during that period?

A. In numbers, our defense has grown weaker, in the sense that we've reduced the number of people in uniform from about 3.2 to 2.2 million. The numbers of ships, the numbers of aircraft, and the numbers of Army divisions have been reduced.

On the other hand, we have managed to disengage in South Vietnam, which had a very significant impact on the morale and on the stability of the armed forces.

During the Vietnam war, each service did what it could to equalize exposure of the individual to combat. This meant that there was a tremendous turbulence—a continuous rotation of people. The Army would draw people from Europe and send them to Vietnam. The Navy would take personnel from Atlantic Fleet ships and put them in the Pacific Fleet. This made it very difficult to develop a team. It was most difficult to develop *esprit de corps*.

Now we have stability to a much larger degree. The net effect is to develop far better teamwork, far better morale, an increased feeling of pride. This all adds up to combat readiness.

Q. Should we have more troops?

A. Yes—more forces over all—because of the dynamic momentum that's been evident in the Soviet arms build-up. The U.S. forces are certainly at a rock-bottom level. The risks would be reduced if the numbers were increased.

Q. How would you characterize our ability to meet a threat from abroad?

A. You can't answer that in a few words. I would divide it into, first, the strategic aspects of this capability and, secondly, into the conventional, including the capability to take such action as might be necessary worldwide to maintain what I like to call a regional balance.

Going back to the strategic forces: As of today, I am confident that the nuclear forces are adequate to provide deterrence, and that's what we seek. The concern in the strategic field focuses on what can happen in the future if the Soviets continue their current build-up—for instance, the deployment of the new MIRV [multiple, independently targeted re-entry vehicle] missiles which they have under test.

It was for this reason that the Joint Chiefs of Staff set forth three assurances which we consider the U.S. must meet in order to make acceptable the interim agreement arrived at in SALT I [Strategic Arms Limitation Talks between the U.S. and Russia that reached accords in 1972].

They were, first, the development of improved systems for verification; secondly, a very dynamic and progressive research-and-development program; and thirdly, the introduction of the new arms programs, two of which, in particular, were the Trident missile submarine and the B–1 supersonic bomber.

You've got to bear in mind that the capabilities that we have today and the structure of the forces today have been determined in a large part by decisions that were made in the '60s. The decisions that we make today will determine the posture in the '80s. Consequently, it's most important that we move forward with these new programs in order to insure that we do not find ourselves slipping into a posture of inferiority. Once that situation exists, it's too late.

Q. Are we in danger of falling into a position of inferiority against Russia?

A. We are if we neither move ahead with the programs that we currently have under way, nor, secondary, arrive at some kind of agreement with the Soviet Union on curtailment of strategic arms.

Q. Are the Soviets building up their missile forces? Have they actually begun to MIRV their rockets, for instance?

A. Let me go back a bit:

The Russians put considerable emphasis on their land-based missile forces, initially, and subsequently they have added to that emphasis on their missile-firing submarine forces, but put no emphasis on bombers.

The United States, on the other hand, has emphasized the bomber, and we have built the submarine, and, of course, we have land-based missiles. We call these three "the triad." We endeavor to have a broad capability so that no technical breakthrough can nullify the over-all system.

What I'm saying is that it's not reasonable to expect one side to be a mirror image of the other.

The Soviets began by building, among other things, larger missiles than we have, and consequently they have greater throw weight. This means that they can carry either more warheads or the same number of larger warheads.

Q. Where are they now?

A. They have no MIRVed missiles deployed. However, they have been actively testing missiles of various sizes that are, in fact, equipped with MIRV's.

Q. When do you expect them to begin replacing present missiles with the new MIRVed ones?

A. In the very near future, probably within the next year. The Soviets have traditionally been very careful about insuring that they had a thorough test program. And the number of tests that they have conducted are just about at a level which would provide the necessary confidence to permit deployment. The deployment would be a progressive thing, and it would take them several years to make a complete replacement of their old with the new.

Q. What does that mean to the United States?

A. It means that the number of warheads that are available to the Soviets for targeting against the United States will be much greater than is the case today, because they can put 4, 5, 6, 8 warheads in each one of these MIRVed missiles.

Q. Beyond that, does it mean we will have to take some action or build some new weapons to counter the Russian advances?

A. As I said earlier, we have the programs that will provide this counter—namely, the B–1 and the Trident, and other developments of stand-off weapons systems.

Hopefully, can reach an agreement which will put a ceiling on this.

On the other hand, this cannot be a unilateral action by the U.S. I cannot accept the thesis advanced by many that if we would take the lead and show that our heart is in the right place, that the Soviets would be very happy to follow along behind us. That, in my view, is a very, very dangerous concept.

Q. Do you suppose, as some have suggested, that U.S. initiation of the Trident and the B–1 has, in part, been responsible for the Soviet move to MIRV their warheads?

A. I do not, I would point out to you that there are two very important aspects of this over-all nuclear-balance problem:

One is the perception of the potential adversary as to your capability—how does he see your capability in military terms?

The other aspect is the perception of third countries as to which side has the significant lead. It would be contrary to the interests of the United States and the Western world for the Soviets to be abe to project an image of superiority over the United States. I think that that would really be destabilizing.

Q. Do you think it's possible for the U.S. to make any concessions that would stop the Soviets from MIRVing?

A. There may be some trade-offs in terms of limiting the amount of MIRVing they do. But so far as stopping them from using the technique of MIRVing, I do not.

Q. In any trade-offs, could we safely agree to drop one or more parts of our "triad"—as has been suggested—in return for a limit on Russian MIRV's?

A. That would be most imprudent. This is a very complex business. I can't give you an answer and say that, for instance, we'll let them have 500 MIRV's while we have 1,000—something like that—because it's associated with other aspects.

Take the bomber, for instance. The real difference, when you get right down to it, between the U.S. capability and the Soviet capability lies not only in numbers but also with refueling techniques. If the Soviets would move forward with a very vigorous refueling program, a program for the construction and production of refueling aircraft, that would throw an entirely different light on their bomber capability.

Q. Have the Russians deployed those big new missiles that we have heard they were developing?

A. Their workhorse missile is the SS–11, and their big missile is the SS–9. It is a very large missile. We have nothing that even comes close to being this large. They also have an SS–13 in small numbers. What they are doing at the moment is testing a series of missiles—one of which is solid propellant and others are liquid propellant—which we think are conceived as replacements for the present missiles.

We think that the SS–17 and/or the 19 would replace the 11, and the 18 replace the 9. They're still in the test category, but nevertheless the testing has been thorough and successful and, consequently, I anticipate early deployment. We would expect that these new missiles would be more accurate.

Q. Are there any signs that the Soviets are shifting emphasis from land to new submarine missiles?

A. I think that they will continue their high rate of production of submarines. As you know, they have what we call the Yankee class and the Delta class.

The Delta class is a modified Yankee and now I fully expect the Soviets to "stretch" this submarine so it can carry 16 missiles. I also anticipate that they will build a new missile-launching submarine from the keel up, in addition to the submarines now operational.

The SS–N–8 missile is already at sea. It has the range of our Trident missile, which won't be available to us until 1978—and this is 1974—the range being in the neighborhood of 4,000 miles, which would permit them to simply operate out of the Kola Inlet, and be within range of most targets in the United States.

Q. Does that mean they're ahead of us in submarine missiles?

A. If you're simply talking about a race to see who is the first to deploy a 4,000-mile missile, the answer is "Yes." If you're more realistically talking about "ahead" in terms of the capabilities of the total package—the accuracy of the missile, the reliability of the missile, and the performance of the submarine—the answer is definitely "No."

Q. When you look at Russia's whole fleet, is it really as powerful as the large number of ships indicate? Some analysts maintain the quality of the Soviet Navy is not so good—

A. I do not agree with the thought that their quality is not good. They have a vigorous program of modernization.

Navies are structured to fulfill the tasks that they perform for a particular country. In other words, one country doesn't necessarily duplicate the navy of the other. In the case of the United States, we have maintained for years what we call a "forward strategy." For instance, we've deployed the Seventh Fleet in the western Pacific and the Sixth Fleet in the Mediterranean. Consequently, we have utilized aircraft carriers, because our ships operate out from underneath the umbrella of land-based air.

One of the basic missions of the United States fleet is to protect the sea lines of supply from the United States to Western Europe.

The Soviets, on the other hand, have observed that twice during this century we have utilized the sea for projecting power into Europe—in World War I and World War II. So they have emphasized the production of the submarine.

In short, we have the mission of protecting the lines of supply while they have built to interdict the lines of supply.

Q. What about ships other than submarines?

A. The Soviets have produced some very modern surface ships of the destroyer type. They have one carrier almost completed, and now they're building another one. To me, this indicates that they recognize that, in order to operate off their shores in such places as the Indian Ocean and parts of the Pacific and the Atlantic, and if they want the assurance of air support during these operations, they will require an aircraft carrier to provide it.

They are building these new surface ships with the thought, in my view, of conducting naval operations at greater and greater distances from their home bases.

Q. There is speculation about the Soviet Navy's activities in the Indian Ocean area. Are they developing bases there?

A. Berbera, Somalia, is a very important base available to the Soviets in the Indian Ocean. That is a base where the Soviets not only have access to the harbor, they have a large communication station from which they control, in general, their operations in the Indian Ocean. They are also constructing a large airfield near the harbor.

Q. Are you concerned that the Soviets might sometime try to cut our oil-supply lanes from the Persian Gulf?

A. I feel that the Soviets recognize that the capability to deny access to Middle East oil would provide them with tremendous political leverage in peacetime and, of course, it would be a tremendous military advantage in wartime.

Q. What would be reopening of the Suez Canal mean in this respect?

A. The opening of the Suez Canal will greatly facilitate Soviet maintenance of a naval presence in the Indian Ocean, because they can draw their forces from the Black Sea rather than from the Pacific Fleet. So they will then have about a 2,000-mile versus an 8,000 or 9,000-mile run from their bases.

Q. Turning to Europe, how long do you envision that U.S. soldiers, sailors and airmen will be stationed there?

A. First, let me say that I'm fully aware of all of the arguments: that the war has now been over nearly 30 years, and now that Western Europe has 300-plus million people, why can't they take care of themselves, and so on.

Of course, the forces we have in Europe are over there to protect the interests of the United States in the over-all context.

And I think that until we can work out some progressive agreements, such as mutual and balanced force reductions, that the presence of our forces in Europe provide a stability that is worth what we put into it.

If the forces are withdrawn—assuming we don't demobilize them—we would not save any money of any consequence. As a matter of fact, if we still maintained our commitments to NATO, the withdrawal of the forces would generate a requirement for sea and airlift to get them back, which would cost a considerable amount of money.

So, primarily in the interest of deterrence and political stability, the forces in Europe are necessary. It would be a major mistake at this point in history to make a unilateral withdrawal. After all, there's been no war there for nearly 30 years, which is a rather long time for Europe not to have a war. So the record speaks for itself.

Q. Is the present number there a magic number? What would happen if we pulled back 50,000 or 100,000?

A. The number of Army forces in Central Europe now is about the right number, especially in light of the deployments that the Soviets have made into Poland and East Germany and Czechoslovakia. A very radical, unilateral withdrawal on our part would be very destabilizing.

Let me just say that, no, there's no magic number in terms of the 190,000 ground forces we have. But I feel that in this period of very active negotiations and changes we are seeing in the world—the impact of the Middle East war and so on—that we should not make major changes until we see how things are going to work out. I think it would be counterproductive.

Q. During the Arab-Israeli war last October and the oil embargo that followed, many of the European nations seemed to be out for themselves. Does this affect the prospects for a united military defense of Europe?

A. Military co-operation is as solid as it has ever been. Admittedly there were some perturbations in the political arena. But throughout this, the military people that I talked to understood the problem, and there were never any discussions among us that were similar to what you read about concerning the political discussions.

Now that the Europeans see that we were in fact successful in achieving our objective of stopping hostilities, the unity, at least from a military point of view, is good.

Q. Admiral, it has been suggested that the U.S. pull back some of our 7,000 tactical nuclear weapons in Europe. How likely are we to do that?

A. We are continually discussing this subject. The fact that we have 7,000 weapons in the first place, doesn't mean that we intend to explode or to detonate 7,000 weapons. You know, it's very important to have ammunition in the right place at the right time when you don't know where you're going to need it.

I point out to you that these are tactical weapons—they are defensive as well as offensive weapons. And unlike the situation with the strategic forces, which are pretargeted, generally speaking, these weapons would be used against targets that develop in a dynamic sense: A suitable target at 9 o'clock in the morning may not be a suitable target by noon.

So the dispersal has been made in order to insure that the weapon will be in the right place at the right time. That accounts largely for the numbers.

You can make adjustments in the number of weapons. And, of course, you always have a modernization program going on which results in the recall of some weapons.

Q. You seem to be saying that these are essential to our defense of Europe. Is that right?

A. Yes, I would say they're absolutely es-

sential, although I would go on to say that the 7,000 is not a magic number.

Q. There have been reports of new military activity by Communists in Vietnam. How likely are the North Vietnamese to attack the South?

A. I do not see in the immediate future a large-scale assault by the North Vietnamese in South Vietnam.

The North Vietnamese have, of course, violated the terms of the truce agreement, particularly in the logistics field, and have built new roads, airfields, brought in anti-aircraft equipment and things of this kind. But the main thrust of their effort has been directed toward developing the infrastructure and seeing what they could do to increase their political influence with the population.

They did see to it that the equipment they lost after their invasion across the DMZ March 30, 1972, has been largely replaced. So they do have a capability to lay on a significant military operation if they choose to accept the risk of taking on the combat-ready South Vietnamese forces.

Q. We've been more than a year without the draft. What do you think about the all-volunteer concept? Is it going to work?

A. The volunteer force has been working. The Army is ending the 1974 fiscal year with a full quota, I believe. The re-enlistment rate for first-termers is a very significant figure. It has grown from some 10 per cent during the period that everyone was totally disenchanted with the Vietnam War to approximately 45 per cent today. This not only provides stability for the force, but it also greatly cuts down the training expenses, because you don't have to train a replacement.

Now, I think it's also very important—since your personnel costs come to about 56 per cent of the defense budget over all—that we do what we can to exploit technology and save manpower. The minute one does that, of course, you generate a demand for high-quality people.

So in watching the progress of the volunteer forces, it's very important to examine the quality as well as the quantity.

As long as the standards of quality are not sacrificed in order to acquire quantity, the volunteer force is fine, because the people in the services want to be there. As a rule, they stay longer, they don't come in with a chip on their shoulder as some did when they were drafted. The morale is definitely much higher. The combat readiness is much higher. The stability is much higher. The *esprit de corps* is high.

Q. Can you foresee our ever going back to the draft?

A. I think it's very important that we have draft statutes standing by in the event of an emergency that requires manpower in excess of what a volunteer system can produce.

Q. In your tenure as Chairman of the Joint Chiefs, have you felt that at any time the nation's military leaders have been placed in positions that "politicized" them?

A. I think this can be the case in our system wherein the military people testify before the Congress—which, incidentally, is a procedure not found in any other country, to my knowledge. For instance, during or immediately following the 1972 bombing of the Hanoi and Haiphong areas of North Vietnam incident to achieving the cease-fire and the release of the POW's, I believe I'm correct in saying that I was only one that testified before the Congress about that. The Secretary of Defense [Melvin Laird, at that time] didn't testify and the Secretary of State [William P. Rogers, at that time] didn't testify.

In the environment existing at the time, as I expected, a large percentage of the questions I received were political in the purest sense, and they were in no way confined to my area of responsibility. So this does happen in our system of government. I have observed over many years, of course, that when a military man is testifying he will receive questions which are obviously aimed at developing criticism of the existing Administration policy.

Q. How does the testifying square with the tradition of the military being a nonpolitical force in this country?

A. The military man simply must not permit himself to be drawn into political arguments. Understandably, every Administration will use, or try to use, every tool it has to support its position. One has to expect that.

Q. Are you talking about this Administration specifically?

A. I'm talking about any Administration. I've been through both sides, and there's no difference in this regard. You have to be very careful about what you say, depending upon events.

But I wasn't born yesterday. I've been up on the Hill many times in this position. A very vast percentage of the time I have been extended the most courteous and considerate treatment by members of our Congress.

Q. In recent months there have been reports that, where national-security matters are concerned, the military hasn't had the same input into decisions that they've had in the past. Is that true?

A. No, that's not true. For instance, for four years I have attended all meetings of the National Security Council, where I have always presented the views of the Joint Chiefs of Staff. I was present, for instance, during the entire deliberation on the night we declared the worldwide alert of U.S. forces during the Mideast war last October. So I don't think it's a correct statement to say the military doesn't have an opportunity to make "inputs."

I'm not saying that our recommendations were accepted 100 per cent of the time. They weren't. In an executive pyramid, one does not except this to happen. But I have had ample opportunity to be heard. I haven't hesitated to pick up the telephone and call Secretary of State Kissinger or call the White House.

Q. Can you tell us how often you usually talked with the President?

A. I saw him at the National Security Council meetings. I saw him in the White House. During the Vietnam War when we had a series of operations such as the Cambodia cross-border operations, the Laos interdiction and the mining of Haiphong, I saw him more frequently than after the tempo of military activities fortunately were damped down. The number of times that I would see him was proportional to the tempo of military activities.

Q. How did he normally consult with you?

A. Consultation with the President takes all forms. It can be via telephone. It can be in response to, "Come over to my office." It can be after the National Security Council meeting or, during very lively times, he might pop in at some of the subcommittee meetings we held concerning critical decisions.

Q. Congress has been quite skeptical of the Pentagon in recent years, but seems to be less so nowadays. Why is that?

A. I think that the war in the Middle East brought back a recognition of the worldwide interests of the United States, and the part that our military forces play in security and in enhancing these interests of the United States.

In my view, the Congress was more receptive to our budget requests this year than they were last year. I don't know that the shift in focus to the Middle East accounts for all the change.

It may be that they say, "Thank God that we're disengaged from Vietnam,"

KEY POINTS MADE BY ADMIRAL MOORER

Stragetic arms: "As of today, [our] nuclear forces are adequate to provide deterrence. The concern focuses on what can happen if the Soviets continue their current build-up."

Russian missiles: They are expected to deploy new multiwarhead missiles "probably within the next year." Moscow already has aboard its submarines missiles with a 4,000-mile range "which won't be available to us until 1978."

U.S. cutbacks: "I cannot accept the thesis that if we take the lead, the Soviets would be very happy to follow. This is a very, very dangerous concept."

Troops: We should have "more forces over all because of the Soviet arms build-up. U.S. forces are at a rock-bottom level."

GI's in Europe: "It would be a major mistake at this point in history to make a unilateral withdrawal."

War in Vietnam: "I do not see in the immediate future a large-scale assault by the North Vietnamese."

Draftless military: "The volunteer force has been working." Yet, "it's very important that we have draft statutes standing by in the event of an emergency."

Congress: "War in the Middle East brought back a recognition of the worldwide interests of the United States, and the part our military forces play in enhancing these interests."

TOURISM A MUCH OVERLOOKED INDUSTRY

Mr. BIDEN. Mr. President, On April 1, 1974, I testified before the Senate Subcommittee on Foreign Commerce and Tourism along with John D. Daniello, secretary of community affairs and economic development for the State of Delaware. I strongly felt then, as I do now that tourism plays a major role in the economy of not only the State of Delaware but many States throughout our country. In Delaware alone tourism drew $295 million in receipts for the year 1973. It is our second largest industry in the State.

At this point in the RECORD I ask unanimous consent that my testimony before the Senate Subcommittee on Foreign Commerce and Tourism be printed.

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

STATEMENT OF HON. JOSEPH R. BIDEN, JR.

Senator BIDEN. Thank you, Mr. Chairman. I sincerely appreciate the Subcommittee giving me an opportunity to introduce not only the Secretary of our Department of Community Affairs and Economic Development, but a good friend of mine and a very knowledgeable Delawarian, John Daniello. With the permission of the subcommittee, I have a statement which I will read now.

Mr. Chairman, any resolution having 48 cosponsors as of last Friday seems to be fairly certain of passage. I am pleased to be one of those cosponsors and to testify here today because I do not believe the critical importance of the tourist industry has sufficiently penetrated to the realms of those who make decisions regarding the allocation and disposition of oil products.

In and by themselves, the statistics are impressive. In my home State of Delaware—a State a noneasterner might not ordinarily think tourism to be a major industry—our shores, parks and other attractions drew $295 million in receipts in 1973 in the travel and recreation industry, and was Delaware's

second largest industry. It comprised 2,182 firms employing over 20,000 people, and accounted for $32 million in Delaware State taxes in 1973, 17.3 percent of total State tax receipts.

And yet at a hearing that Senator Roth and I held in Delaware on January 16 to examine the local effects of the energy crisis in Delaware, we heard a representative of the Delaware Travel Council express concern over the effect of the energy problem on Delaware's tourism business. Also appearing at the hearing was a representative of the Delaware State Division of Economic Development, who reported that travel services and recreational attractions were reporting business losses ranging from 4 to 20 percent.

The Secretary of the Delaware State Department of Community Affairs and Economic Development is here to testify today, and he will update the economics of what this energy crisis could possibly do to the economy of our State depending on tourism and on the ramifications that go along with a drop in tourism.

Despite the fact of the lifting of the Arab oil embargo, my staff has learned from the Federal Energy Office that there will still be a short-fall of at least 255 million gallons per year against unrestrained demand. The result has to be continued restraint and governmental surveillance.

The most serious part of the crisis for Delaware's tourist economy is going to occur in the summer months, because so much of Delaware's recreation industry is based on summer recreation. It is really too early to be certain yet what the effect of gasoline shortages and other energy problems will be. However, to the extent that immediate business losses can be pinpointed, they can be attributed to the fear that gasoline will not be available for cars or to operate recreation equipment.

Mr. Chairman, I am concerned for two factors that affect the tourism industry in Delaware and in the Nation. First, fear and concern about the lack of availability of gasoline will very likely be conditions for inhibiting tourism this summer. Only a public policy clearly out in the open so that the public knows summer travel is recognized as worthy and is receiving its fair allocation—will allay widespread fears.

Second, I fear there are those in our government who do not sufficiently realize how a slack in the tourism business will affect the lives of so many citizens who make their livelihood from it. About a month and a half ago I wrote to Mr. William Simon, Administrator of the Federal Energy Office, stating facts similar to those stated here, and expressing my concern that shortages or inequitable distribution of gasoline could have disastrous results on this most important industry to Delaware. Because the entire allocation program was intended to share that burden among various groups, I could not believe his office was not making plans to avert what could be an economically difficult summer recreation season in Delaware and, I am sure, on other areas of our country as well. However, I have still not received a reply to my letter of over a month. And the fears of prospective travelers have definitely curtailed travel.

Mr. Chairman, I would say that the effect of Senate Resolution 281 will be an unmistakable message to the people of the United States that travel is recognized for its important place in the economy, and that the Federal Energy Office will gain a more healthy respect and dispatch a more practical conclusion in the disposition of gasoline to the tourism industry.

I have great faith that an overwhelming majority of the Senate will approve this resolution and convey that message.

Thank you, Mr. Chairman.

I know there is no one in the Congress, just having recently visited your beautiful State, who knows more of the importance of tourism than the Senator from Hawaii. I would point out it is often overlooked that our small State of Delaware really has such a significant reliance upon tourism as it does.

If we happen to have the misfortune or good fortune to be considering other matters in the U.S. Congress this August, there are not many other places you can go on the weekend other than our shore, so I suggest the Congress should take a good, hearty look at the need for the resolution as it affects the State of Delaware.

OUR HARD-WON FREEDOMS

Mr. THURMOND. Mr. President, Mr. E. Harold Keown, vice president of Baptist College at Charleston, S.C., recently delivered an address on the hard-won freedoms which we have in this country. It is an excellent review of the establishment of liberty in the United States and the price of maintaining it.

We need to remind ourselves constantly that the great institution of American Constitutional Government will last only so long as we cherish it and defend it.

Mr. President, in order that my colleagues in the Senate may also benefit by this short but outstanding address on American freedom and responsibility, I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks. The address is entitled, "Freedom's Costly Price Tag."

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

FREEDOM'S COSTLY PRICE TAG

(By Mr. E. Harold Keown)

Kris Kristofferson, one of Nashville's most famous contemporary composers, offers us a strange definition for freedom when in "Me and Bobby McGree" he declares, "Freedom's just another word for nothin' left to lose. Nothin' ain't worth nothin' but it's free." As we approach another Independence Day, I would like to take exception with Mr. Kristofferson and raise an appropriate disclaimer. "No sir," I protest, "freedom is much more than merely an euphoric state of mind achieved when there is nothing left to lose!"

It may be trite, but it's the triteness of truth: freedom is never free! It has always carried a costly price tag. Men and nations have seldom realized true freedom without having paid a tremendous price and offered a life-giving sacrifice. Freedom comes only when its cost has been measured and met through the lives of men and women willing to lose everything that others might gain life and liberty. Freedom is not cheap—it's costly, and its fruits continue growing in the vineyards of succeeding generations who are called to rededicate themselves anew to freedom's cause.

Today, we find ourselves confronting many great challenges. Such causes as peace, poverty and pollution must receive our attention and best efforts. The prospect of worldwide famine casts its dark shadows over the sunshine of our prosperity and we sicken while viewing the swollen stomachs and protruding ribs of children dying from starvation and malnutrition. Through the wonders of circling satellites, we have been introduced to the horrors of war and the paradoxical terrors of peace as we have viewed plagues and pestilence in distant, underdeveloped countries.

Recently, poverty's penalties become more pointed when a panel of experts testifying before the Senate Select Committee on Nutrition and Human Needs indicated that in the world's wealthiest country, America, as much as one-third of the dog and cat food sold in our city slums is being eaten by humans. William Lloyd Garris n was correct when he declared, "My country is the world; my countrymen are mankind . . ." Today's challenges call for our best efforts. We must fight not only to preserve our country, but also a planet called earth.

In this hour of need, we must reach inward and tap the sources of strength. We need men and women who will stand tall and who will refuse to shy away from the horrors and terrors. This is not a day for timid souls or the faint-hearted. This is an hour trumpeting a mighty call for stalwart soldiers who will join in the battle for humanity's survival. Never have the stakes been higher or the risks greater.

However, while it is true that we as a nation are wealthy, wise, and willing—there is a glaring weakness which can undermine our efforts. Today, within our nation, there are many who do not possess a deep appreciation for America's past. Our vision seems blurred. Many of our young people can only recall the upheaval of the sixties and the turmoil of the seventies. Others can retreat no further than VJ Day, and some seem lost in the "good old days" as they long for a return to a more uncomplicated way of life. The tragedy is that a people without a past have few heroes or sources of inspiration. And while I am not advocating that we begin living in the past, I do believe that within our rich heritage there is much which can inspire us to meet today's challenges in strength and with confidence.

America's history is much more than merely a chronicle of events. It was a daring venture which captured the hopes and imagination of a people struggling to discover and design a free society. It claimed commitments. It required courage. It cost lives. The great American experiment was written by a simple people who dared to fashion a new world out of a wilderness. Deported convicts, persons persecuted for religious beliefs, slaves, and outcasts—these were the people who gave the lives that we might live in a country which later would be described as the "home of the brave and the land of the free." The struggle was never easy. Dr. Samuel Johnson, the British man of letters, said of the early settlers, "They are a race of convicts and ought to be thankful for anything we allow them short of hanging." They were despised, but they were not to be denied.

The battle for independence began April 19, 1775 when Major John Pitcairn with one thousand British soldiers under orders from General Gage to capture John Hancock and Samuel Adams and to seize supplies stored at Concord were met by a band of fifty Minute Men led by Captain John Parker. The site was Lexington, Massachusetts. Parker's orders were clear. He told his little band of soldiers: "Stand your ground. Don't fire unless fired upon, but if they mean to have a war, let it begin here." In that brief battle, eight militiamen were killed, the colonists were enraged, and the war had begun. Pitcairn seized Concord and destroyed the stores. However, as the British troops withdrew and returned to Boston, they were fired upon by angered colonists who used the cover of fences and hedges. During that march, the British lost two-hundred and seventy-three men.

The early colonists understood the price tag of freedom. It was death! They paid that price by the thousands. On July 4, 1776, the thirteen colonies issued their Declaration of Independence at a time when the war's outcome was still undecided. The war would continue until General George Washington would officially declare it ended on April 19, 1783. After serving two terms as America's

first President, George Washington was to say, "With God's help, I have lived to see the United States as one great whole . . . a nation which may bid defiance in a just cause to any power on earth." Two years later, Washington died. In 1825, Thomas Jefferson prayed that "the Benevolent Being who presides over this world" might spare his life until the next Independence Day. God must have heard his prayer, for a year later on the Fourth of July, America's third President died. On that same day, John Adams, our second President died.

But the dream has never died. Old Glory still flies over the land of those who paid the price of freedom. Our freedom was bought with bravery and purchased by the blood of men who died that we might live out their dreams. For almost two hundred years, we have been living out that dream. It's a great dream—purchased at great cost. And it's so easy to forget freedom's costly price tag. There have been problems. There have been hours of darkness, times of despair, and moments of disgrace. There have been periods when the dream seemed impossible and some proclaimed the great experiment a failure. But even in her walk through the valleys, America has found the strength to stand tall and claim victory in spite of adversity.

I am one American who would like to pray in this hour, "God bless America," and who would like to proclaim, "This is my country, land that I love." I'm not going to wait for 1976 and then develop a two hundred year old sentimentality. I love my land and her people now—today! The challenges are great. Ahead of us awaits our finest hour. It is coming. This I believe—and if enough of us believe it, we can achieve it! The cost may be great, but the rewards are even greater.

This week President Nixon is meeting with Leonid Brezhnev in Russia in an attempt to extend the ban on nuclear testing. Maybe in this hour we can set aside our prejudices, regardless of slant or political party, and pray for a successful summit meeting. Our President needs our support. This is a time for building, not destroying—a time for hope, not despair—a time for peace, not war. After almost two hundred years, America remains a free land occupied by free people. Freedom's price tag is costly, and in this day—in this hour, we are being challenged to pay the price by giving our very best that freedom's dream might continue and the great American experiment might be successful.

In conclusion, permit me to share with you my prayer for this hour:

God . . . maybe I can't be a John Parker,
A George Washington, or Thomas Jefferson,
But let me be me . . .
And in your strength give me the courage
To stand tall,
And give all
That is required for the freedom of men.
I will not despair, neither will I faint,
But within the courage of my convictions
Permit me to weep,
And meet the challenges of this hour,
Hear your Call,
And give all
For the freedom of a people I love.

SENATOR SAM J. ERVIN, JR.: HE'S RATED NORTH CAROLINA'S MOST HONEST POLITICIAN

Mr. HARRY F. BYRD. Mr. President, a short time ago a poll was conducted in North Carolina in which Senator ERVIN's fellow Tarheels were asked this question: "What living man or woman, now in political life or formerly in political life—Federal, State, county or local—is in your opinion North Carolina's most honest political leader?"

As was noted by Senator ERVIN's hometown newspaper, the News-Herald, of Morganton, N.C., in an editorial entitled "He's Rated No. 1 Honest Politician," Senator ERVIN rated a clear No. 1 in this poll.

I ask unanimous consent that a copy of this editorial be printed in the RECORD.

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

HE'S RATED NO. 1 HONEST POLITICIAN

The Fourth of July observance in general and a television documentary in his honor in particular serve as reminders of the image that U.S. Senator Sam J. Ervin Jr. creates in the mind of the American public.

In some quarters, he has been labelled "Uncle Sam," presumably because this native son of Burke County resembles somewhat in appearance and his dedication to the basic virtues on which rests the rich tradition and strength of grassroots America the Uncle Sam who is the symbol of the nation.

This is the sort of imagery that comes to mind nationally with the Ervin name becoming a household word as a result of his chairmanship of a Senate investigating committee.

In his native North Carolina his popularity has been long and solid, but with a somewhat different hue, than on the national front. It wasn't long after his initial appointment to the Senate in 1954 that Tar Heels began to regard him with special affection.

This rose to a measurable peak in 1972. Prior to the gubernatorial campaigns at least two potential candidates for governor had professionally conducted polls made in the state to measure the temperature at various political levels, and both (conducted by separate pollsters) revealed that Senator Ervin, who was not involved in the surveys, was the most popular political figure in North Carolina.

No such gauge had been applied since that time, as far as we know.

But an interesting revelation has come to light in a general Tar Heel poll about an assortment of attitudes, we are told. A verbal report from a usually responsible source (every newspaper boasts about such "responsible sources" and quotes them at every opportunity) says that a polling organization posed this question to a cross-section of Tarheels:

"What living man or woman, now in political life or formerly in political life—Federal, state, county or local—is in your opinion North Carolina's most honest political leader?"

It's noted that this is an open-end question with no names suggested for a multiple-choice sort of thing, and the citizens polled up with a total of 41 different names.

The results were impressive but not surprising in that Burke County's Senator Ervin rated a clear No. 1.

His colleague in the Senate and various Congressmen and former Governors were in the field or names volunteered by the citizenry.

This clear-cut lead tells something not only to the Senator's gratified fellow townsmen but to all students of the political scene who have been wondering wheher the Ervin's position of esteem was declining in his state. Some political observers have speculated that Senator Ervin's popularity was waning and that he might have had difficulty gaining reelection in 1974 if he had not decided against seeking another term.

The latest survey's results would indicate that the man regarded as far and away the most honest political figure living on the North Carolina scene would probably have been a shoo-in as long as he had felt physically able to continue in office.

WOMEN IN MEDICINE

Mr. MATHIAS. Mr. President, while it cannot be denied that sex discrimination continues to exist in our Nation, we must recognize that some advances have been made in the effort to put to rest an issue which should no longer be an issue in America. The right of women to participate fully in all areas of American life, including full economic participation, full social participation, and full political participation, ought not to be controversial.

Full participation in this society, in essence, requires that the American woman be assured that her opportunities, benefits, and share in the rewards of this society will be equal to that of every other American. My belief in full participation prompted my sponsorship of an amendment in 1971 to the Health Manpower Act which prohibited discrimination on the basis of sex in admissions to health training programs receiving Federal funds. I might add, incidentally, that because of that amendment—which is now public law—female enrollment in schools of medicine and dentistry has increased from 8 percent in 1969 to 20 percent in 1973, according to the American Association of Medical Colleges.

I was particularly pleased to note that a recent article in the New York Times, which I highly commend to my colleagues, highlighted these statistics. At this point I ask unanimous consent that the article be printed in the RECORD.

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

WOMEN IN MEDICINE UP SHARPLY

(By Evan Jenkins)

In a movement that could alter both the teaching and practice of medicine, American women are entering the profession in dramatically increasing numbers.

In just three years, the number of women enrolled in the country's medical schools has more than doubled from 3,894, or 9.6 per cent of total enrollment, to 7,824, or 15.4 percent.

Moreover, the curve is clearly rising. The percentage of first-year women students in medical schools last fall had reached 19.7, up from 11.1 per cent three years ago and only 7.8 per cent a decade ago. Further increases are expected this fall.

The increase in women has of course produced more competition for places in medical schools and some resentment from male students who feel women are taking spots that men should have. At the same time, the total number of places available has been increasing and so has the number of men enrolled in medical school, although at a slower rate in recent years than women.

Medical women—and men—foresee a number of changes as a result of the feminine influx.

In medical schools, the beginning of the end of isolation for women is already changing patterns that they have long considered discriminatory, ranging from admissions interviews to lecture-hall humor to classroom and laboratory participation. The sharp rise in women students is producing pressure for more women teachers. Finally, some observers predict much greater flexibility in medical education to permit students of both

sexes to manage study and family responsibilities simultaneously.

Possible effects on practice, medical people say, include more emphasis on doctors, working in groups rather than as individuals. Again, the point would be greater personal and professional flexibility prompted by pressure on women to devote more time to family needs. As frequently-voiced expectation is that more women will be able to find members of their own sex practicing obstetrics and gynecology. And finally, there is a common feeling that women, perhaps because of social conditioning, will make medicine in general a more compassionate enterprise.

"This is really a woman's profession," said Dr. Anne Lawrence, a professor and a member of the admissions committee at the University of Chicago's Pritzker School of Medicine: "I wouldn't be surprised if, by 1980, 50 percent of the graduating class are women," she added. "It is suited to women's personalities, the comforting and care of the miserable."

AN END OF ISOLATION

Dr. Lawrence was one of scores of students, doctors, teachers and administrators interviewed at medical schools across the country about the rise of women in the profession. Her view that women were especially suited to medicine was widely shared by both men and women, though by no means unanimously.

In any case, the data clearly points to an end of the virtual isolation that women seeking medical careers have faced since Elizabeth Blackwell broke the profession's sex barrier in the United States by graduating from Geneva Medical College in Syracuse in 1849.

The class that entered medical school at Harvard three years ago had 11 women among its 139 students, not quite 8 per cent. This fall there will be 55 women in a class of 165—exactly a third.

Almost a third of the class that entered Columbia's school of medicine last year—47 of 147—were women and Linda Rosenthal was one of them.

"I don't feel like part of a minority group at all—there are just too many of us." she said. "My father went to medical school 25 years ago, and he keeps telling me that most of the girls were "dogs" and kept to themselves most of the time. Things have changed completely."

For some years, the percentage of women applicants accepted by medical schools has been at least equal to the percentage of men (although women have complained—and still do—that they must be extra good to make it).

What is happening now is that women are applying in greatly increased numbers, and there are two main reasons for that. One is the impact of the feminist movement.

It has changed the view, at least among women, of what is "woman's work"; more women are going into law and engineering, as well as medicine. The movement has also produced direct pressure on medical schools to accept more women.

In addition, the existence of a series of antidiscrimination laws and regulations has had an appreciable effect, even though they have been enforced slowly and erratically.

There are no current data on dropouts among women medical students. A study covering the years 1948 to 1959 showed attrition for women to be 15 per cent and for men 8 per cent. More than half the women who dropped out during this period did so for nonacademic reasons; this was true for less than 40 percent of the males.

DEMAND SOME CHANGES

Medical women say they think—but can't prove—that the dropout rates may be more nearly equal these days because the pressures women faced when they were a tiny minority in medical schools are more easily handled now that they are a sizeable minority.

As their numbers increase, women in medicine are demanding an end to a lot of traditions they consider subtly or blatantly discriminatory.

A medical-school lecturer at Detroit's Wayne State University last year sought to break the ice with his students, most of them male, with this little joke:

Question: Which word doesn't belong—egg, sex, woman, rug. Answer—Sex doesn't belong, because you can beat an egg, a rug and a woman, but you can't beat sex.

It was pretty mild by comparison with some of the locker-room jibes at women that spring readily from study of the human body, but it wasn't likely to reinforce notions of women's equality. But the jokes may be changing soon, along with such practices as addressing classes as "gentlemen" and including nude girlie pictures among lecture slides, and pinup pictures in textbook.

Beyond humor that they find insulting, medical women are attempting to combat such substantive matters as these:

Incidents like one that occurred not long ago at the University of Michigan, in which a woman medical student said she was not allowed to observe the complete physical examination of a male patient because his genitals would be exposed. Nearby, her medical-student husband was conducting a pelvic examination of a woman.

The admissions interview in which a woman, but almost never a man, is asked how a doctor can manage a career along with marriage and a family.

The low numbers of women on medical school faculties and admissions boards where their representation lags far behind the increase in women as students.

The common belief, challenged by statistics, that women, once licensed, cannot be counted on to practice medicine.

The virtual bar to women in some medical specialties, notably surgery.

Dr. Chandler Setson, dean of the University of Florida College of Medicine was one who shared the view that women's capacity for "compassion" would benefit medicine. Of surgery, he declared:

"Women in general don't tend to go into surgery. They can't stand up to the operations with the blood and saws and all. It doesn't really appeal to most of them."

MORE WOMEN SURGEONS?

Said Dr. Nina Woodside, a faculty member at the Medical College of Pennsylvania (formerly a women's school) and head of a year-old research and reform organization called the Center for Women in Medicine:

"I guess if all the barriers were removed, women would enter surgery as often as men. Women who do select surgery do very well. But patients tend to think of surgeons as men. And surgeons certainly think of surgeons as men."

Dr. Woodside estimated in a recent interview that fewer than 10 per cent of the nation's more than 360,000 doctors were women. (The most recent data, for 1972, put the figure at 8.7 per cent.)

She and other women in medicine like to point to a study done several years ago that showed only Spain, South Vietnam and Madagascar, among 38 countries surveyed, with lower percentages of women doctors than the United States.

Given the sheer mathematics, Dr. Woodside said, it will be a long time before the sex that makes up half the population even approaches that share of the medical profession.

"But it's very clear," Dr. Woodside added, "that the idea that women don't want to become doctors just isn't true."

True or not, the idea is pervasive. It is reflected in the title of a study of women in medical schools published privately last fall and available now from the Feminist Press in Old Westbury, L.I. The title is "Why Would a Girl Go Into Medicine?" It was a question, a woman student interviewed for the survey said, that she was asked constantly.

The report's author is "Margaret A. Campbell, M.D.," reportedly a pseudonym for a woman doctor who felt that a survey alleging male bias would do nothing to help her own medical career. The question "Why would a girl?' arises in a chapter on "stereotyping."

And indeed interviews done for the The New York Times at 14 medical schools suggest that stereotyping—by society, by medical school administrators and teachers and perhaps by medical women themselves—is the norm, though perhaps an eroding one.

CALLS REPLIES DISTORTED

Of the standard admission-interview about marriage vs. career, a woman faculty member who asked not to be identified declared:

"I seriously object to this being the issue on which women are denied access to medical school, and I know it is. Some men [interviewers] use the woman's answer either way. If she says she doesn't want children or is going to have someone take care of them, the man says, 'This is perverted, she should be home with her kids.' If she says she's going to have children, he says she's not committed to medicine."

Said Dr. William R. Sandusky, chairman of the admissions committee of the University of Virginia Medical School, "We want to know if the applicant has developed a realistic view of women in medicine. Traditionally the lady stays home to raise children."

That kind of remark incenses feminists, because it assumes that a man cannot be expected to share equally in the child-rearing and household tasks. The assumption is widely shared, and for the women professionals who share it, life can be a kind of hell. But the view is far from universal.

Still, to cope with the familiar role they are expected—and often expect themselves—to fulfill outside their careers, women in medicine have tended to enter such specialties as pediatrics, anesthesiology, and psychiatry, which offer at least the prospect of regular hours.

There is some evidence of change in that pattern—in particular, an apparent surge of interest in obstetrics and gynecology—and at the same time a hint of a kind of reverse discrimination.

"There is some social pressure from women's libbers on us not to go into pediatrics because it's sort of the 'Uncle Tom' of medicine," said Linda Rosenthal at Columbia. "But if I decide later that pediatrics is what I want, I'll do it. I'm not going to be pressured out of it."

From the view about where the "lady" stays arises the belief that women, even when they become physicians, often don't practice.

Studies cited by the pseudonymous Dr. Campbell show that women doctors practice, on average, 45 hours a week, men 50; women "drop out" of practice on average for a total of 4.8 years, men for 2.1, and women in the United States live an average of seven years longer than men, and "thus have a longer practice potential."

Although some medical women question whether women as doctors function in any way differently from men, there is a widespread feeling among both sexes that the rising feminine role will change the profession.

One common expectation is greater flexibility in both training and practice—an increase in part-time scheduling of classes and group practice arrangements that permit

women, and men, to balance more easily their professional and family roles.

APPALLED BY ATTITUDES

A lot of women think they are better suited than men to treat women patients. Patsy Parker, in her second year at Boston University's medical school, said she was considering obstetrics and gynecology because "I will treat women in a special way and hope to give them an understanding view of their bodies and the problems they may run across."

"I think we need women in ob-gn badly," said Judy Cook as she completed her senior year at Michigan State University's College of Human Medicine. "I was pretty appalled at the attitude of most of the doctors toward their patients. A lot of them are just not aware of the woman patient as a woman; they're so involved in her uterus."

Above all, in interview after interview, there emerged the feeling that women doctors may be more sensitive than men."

"In general, some of the attributes women bring to medicine are much more desirable," said Dr. Miles Hench, associate dean for admissions at the Medical College of Virginia in Richmond.

"The role-model given to women in childhood is the expectation that they be more open and feeling. This can be a positive factor in medicine. The masculine characteristic of aggressiveness can be a hindrance. But neither is absolute."

THE RIGHTS OF WORKERS IN THE PUBLIC SECTOR

Mr. STEVENSON. Mr. President, I recently came across a column by Mike LaVelle, the working man's columnist who writes for the Chicago Tribune, on the important subject of the rights of workers in the public sector. Mr. LaVelle makes some interesting and perceptive points and helps put this issue in perspective. Public workers, like their counterparts in the private sector, do have rights—rights which we in Government have often been derelict in respecting.

On the other hand, many workers in the public sector have responsibilities to the public not shared by their brethren in private industry. The rights of public employees may be the most important labor issue that comes before this Congress, and so I urge all my colleagues to read Mr. LaVelle's comments, which I feel will help them, as it has helped me, in a better understanding of the issue.

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

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

PUBLIC WORKERS ALSO HAVE RIGHTS

(By Mike LaVelle)

Public employes' right to strike is a hot issue that could singe the hands of any politician careless or brave enough to deal with it.

Public employment in the last decade has undergone the largest growth of any area of employment. Since 1965, the Bureau of Labor Statistics reports, 35 percent of newly created jobs have been in the public sector. Since 1960 public payrolls have more than doubled from $3.3 billion to $8.4 billion.

Nearly 14 million people—in federal, state, and local jurisdictions—are presently public employes. That is one hell of a lot of votes. If organized, their political clout could give politicians at all levels election-time nightmares.

And that's just what's happening. The Coalition of American Public Employes (CAPE), formed March 8, 1973, already has more than 2 million members, combining the 1.5 million members of the National Education Association (NEA), the 600,000 members of the American Federation of State, County, and Municipal Employes (AFSCME), and the 80,000 members of the National Treasury Employees Union.

For an organization just over a year old, that's a promising—or frightening—beginning, depending on which side of the negotiating table you're sitting.

The dilemma of public chaos and public obligation is well understood by most public workers, who, as Roger Frazer, AFSCME director for Illinois, Missouri, and Indiana told me, "If they won't give us binding arbitration as a substitute for the right to strike, then they are putting our backs and our paychecks to the wall."

It is the rankest hypocrisy for politicians who can merely vote themselves a raise [as they did May 8 in Chicago's City Council raising aldermanic salaries from $8,000 to $17,500 a year; the city clerk's and city treasurer's salaries from $15,000 to $30,000 a year, and the mayor's salary from $35,000 to $60,000], and to play mute whenever a policeman, fireman, or teacher asks for a raise.

Such a double standard drives even the most apathetic public employe to organize. Add to that Congress raising its individual foreign travel allowance and almost in the same breath passing a law to abolish reporting requirements on travel junkets. The law was passed in 1972 canceling out disclosure of money spent in 1973. In '71 Congress spent $1,114,386 and in '72, the last reported year, $955,820.

The law's author, Rep. Wayne Hays [D., Ohio], said that the revocation of disclosure would save $8,000 to $9,000 a year in printing costs. That sort of reasoning would tell you the solution to embezzlement is to fire your auditor. You won't catch the crook but you will save the auditor's salary.

Which would you rather have: an open raise or a hidden expense account? The law's effect will answer the question.

Congress has two bills before it that would grant collective bargaining rights to government workers. The bills would create a federal agency to arbitrate labor disputes involving state and municipal employes. They also have strike provisions in them, barring "clear and present danger." Such bills do not provide easy answers, but neither does Congress present clear and moral examples of financial responsibility.

If public employes do not get some form of compensatory redress in exchange for surrendering the right to strike, that right is a matter of equity. And we should start referring to these people as public *workers*, not public *servants*. The difference between those two words tells it all.

And if you don't think public workers work hard enough, when you're mugged, your house is on fire, or your Johnny can't read, don't call a cop, fireman, or teacher. Try calling your congressman.

NAVY RESERVE

Mr. THURMOND. Mr. President, in the July 1974 issue of the Naval Reserve Association News there appeared a statement by Raymond S. Webster, Acting Deputy Assistant to the Secretary of Defense for Reserve Affairs.

Mr. Webster made this statement in a speech before the Naval Reserve Association's Annual Naval Affairs meeting at the Alameda Air Station in California on June 22.

The forthright and candid remarks by Mr. Webster constitute a clear statement of a major problem which has interested me for some time. This problem relates to a definition of the requirements for the Naval Reserve. Mr. Webster has met this issue head on and in his remarks shows great understanding of the requirements necessary to enable the Naval Reserve to meet its responsibilities.

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

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

NATIONAL REQUIREMENTS FOR THE NAVAL RESERVE

(By Raymond S. Webster, Acting Deputy Assistant to the Secretary of Defense for Reserve Affairs)

For years the Reserves were considered as just an adjunct to the Regular force, as a group of dedicated people who showed up for drill each month, who had some potential, but who would never be called in an emergency.

That is all past now, and ever since that memorandum of August 12, 1970 was issued by the Secretary of Defense establishing the Total Force Concept, the Reserve components have been receiving a real hard look. Because more money has been spent and proposed to be spent to build up the Reserve capability, the Reserve community has become a center stage attraction.

In my office, we handle the liaison for all Reserve matters being investigated, surveyed, monitored, inspected or whatever the term is they use, by other government agencies. Presently, we are accommodating four General Accounting Office surveys on different aspects of the Reserve programs—an investigating staff of the House Appropriations Committee, and two OSD audits. Additionally, there is an intensive on-going study of the Guard and Reserve directed by Dr. Schlesinger. From all of this will come future structure and budget consideration with the emphasis on readiness and economy—the greatest readiness for the least amount of money.

The ability to develop timely responsiveness has been demonstrated—particularly with the air units and some of your reserve ships.

The inherent economy of the lower people cost in the Reserve forces has become more widely understood—particularly since manpower costs now represent about 56% of the DOD budget.

The new guidance from OSD to the services has established earlier readiness criteria and the airlift plans and capability make early deployment increasingly feasible and necessary for Guard and Reserve as well as active forces.

There is no reason why any of your units cannot be ready for deployment in hours or a few days at the most, if the bell rings, rather than in weeks as the planning called for in the past.

These facts have led logically to the conclusion that Reserve Forces can be a major national security bargain as we approach 1976, just as was the case in 1776.

They have also led logically to the essentiality of *supporting* Reserve Forces to the level of readiness and responsiveness called for by national strategy to meet national security requirements.

And finally, these facts, coupled with termination of the draft, have forced acceptance of the role of the Reserve Forces as the initial and primary augmentation for Regular Forces. Even the most tradition-bound and protective holdouts have begun to realize that the survival of our nation's military forces and our nation itself is dependent on how well we equip, man, train and deliver into theatre, a combined force of Active, Guard and Reserve Americans.

RESERVE FORCES STATUS

In view of this guidance, let's discuss for a few minutes just how Navy is faring with its Reserve programs.

Actually, I don't think any service has a perfect score for implementation of this guidance.

Army has a good basic requirements document and a mobilization and deployment plan which clearly identifies the Guard and Reserve element, but equipment plans and priorities are not in keeping with readiness needs and the mobilization procedures are not consistent with the Total Force Concept of rapid deployment.

The Air Force has fallen behind in its modernization program and appears to be less than enthusiastic about meeting its own stated objectives for Guard and Reserve readiness.

The Marine Corps, which has prided itself on having the complete Division/Wing Team as a deployable asset, is beginning to talk about using segments of this force for early deployment and the remainder as cadre for expansion.

But the Navy is still the expert in dragging its anchor when it comes to enthusiastic implementation of the Total Force Policy. After hearings Admirals Adamson and Christiansen's remarks today, which were very refreshing, regarding the Naval Reserve, I hope they will, by reality, eventually prove me wrong in what I'm about to say.

Take the question of requirements:

The Navy says it needs 108,000 in the Selected Reserve.

The Chief of Naval Reserve says the figure should be 117,000.

The NRA and the ROA say the figure should be somewhere above the 129,000 level.

We in OSD try to support the official position of the Navy at the 108,000 point.

And when the chips are down, we are hard put to defend any figure because the Navy either cannot or will not, or at least has not, stated its requirements in terms of deployment for a scenario. In fact, until the Navy programs some of its Selected Reserve in its deployment plans, the Naval Reserve structure, other than the hardware units, will continue to be suspect.

It also becomes difficult to talk to requirements when, by the Navy's admission, the stated "requirement" has been adjusted to make funds available for modernization.

The basic issue, I believe, is that the Navy is not convinced, in spite of repeated assurances by Defense and Congress, that the Naval Reserve will be used in future emergencies. Looking back on past experience, I can only say that failure to prepare the Naval Reserve for a mobilization mission and failure to plan for its use are the key elements which may keep the Total Force Policy from being applied. They may also keep the Naval Reserve from continuing to exist in its present form because of the doubts they create as to the credibility of the Navy's mobilization structure.

THE REAL ISSUE

We can talk all day about incentives for the Guard and Reserve and about what kind of recruiting programs we should have to man the Naval Reserve. We can talk for weeks about specific equipment needs and deficiencies. But none of this talk is worthwhile and no recommendations in this are going to get very far until we face the real issue.

The Real Issue—yet to be addressed by the Navy or the Naval Reserve in dealings with OSD—is twofold.

How does the Navy intend to use its Reserve upon mobilization?

How many of what specific units and people are required to meet the utilization plan?

If the Navy can answer these questions, we can then move forward with the Total Naval Force. If these questions are not answered, then there is a major doubt about the future of the highly dedicated, highly qualified members of the Naval Reserve who, like all the members of the Guard and Reserve, have such great potential for the future security of our nation.

A CRISIS OF DECISION

As some of you here know, I said this to the Conference of Naval Reserve Flag Officers in the Pentagon last week.

Although the results of the Total Force Study are not out, Mr. Eckhard Bennewitz, the Chairman of the Study Group, has pointed out that the absence of a Navy policy on mobilization and soft U.S. Navy stated requirements for the Naval Reserve have posed problems of a seemingly insurmountable nature to the Study Group.

As of this date, Secretary Brehm, the Assistant Secretary of Defense (Manpower and Reserve Affairs), and my boss, along with representatives from OMB, OSD (Comptroller) and OSD program analysis and evaluation are deeply immersed in a review of the initial OSD Study Group recommendations prior to sending them to the services. The Navy is organizing its own task group, personally chaired by Secretary McCullen, to analyze, in depth, the Study Group recommendations when they are submitted for comment.

I believe you can all understand how critical to the Navy and the Naval Reserve, the next few months are and how the decisions made will affect you for a long time to come.

WHO CARES?

I won't presume to establish the blame for there being such a predicament. This question of just what the Navy requirements are based on is not a new question. Congress asked the question in 1962 of Navy witnesses—and the answer reads like the answer any time in the intervening 12 years—"We're going to resolve that in a few months,"—and each time the answer is given, the Congress, OMB and OSD show a little more impatience and reluctance to accept this assurance.

Why do I put so much emphasis on so-called "requirements?"

The Congress has made it clear in the hearings to date this year that they are very interested in using Reservists for missions they can fulfill. This comes out loud and clear in the Congressional reports and hearings time after time. The House Armed Services Committee took special pains to make its feelings known. Some of the points were made in the House Armed Services Committee Report of May 1974 by:

(A) Chiding of the Defense Department for not following its own policy of Total Force planning by eliminating Guard and Reserve units while maintaining more expensive active force units.

(B) Stating that Defense compliance with Congressional intent of P.L. 90–168 (Reserve Bill of Rights) has been less than complete.

(C) increasing the manpower authorizations for all Reserve components except the Air Force Reserve.

(D) Mandating retention of 92 flying units in the Air National Guard.

(E) Adding 24 new A–7D aircraft into the budget for the Air National Guard.

(F) Expecting that in the coming budget years, DOD, in implementing the Total Force Policy will budget for modernization of equipment in the Reserve Forces—in accord with the Reserve Bill of Rights.

(G) Stating that DOD should consult with Congress prior to making any significant changes in Reserve component strength, structure or units.

(H) Stating that the Assistant Secretaries of the services (M&RA) should monitor and supervise all aspects of Reserve Force management and participate actively in the policy making role when Reserve matters are under consideration.

(I) Requesting that the Chiefs of the Reserve components have the authority to carry out their responsibilities.

(J) Recommending more high level interest and attention to Reserve matters at the DOD level.

It is quite obvious that Congress is determined to ensure that there is a Ready Reserve—A Reserve that will be employed—but a Reserve with a real mission.

I think the message is clear that Navy requirements for the Reserve (not Reserve requirements) based on Total Force planning are absolutely essential if there is to be credibility in the Naval Reserve Force structure. We in OSD are urging the Navy to come up with validated figures and I would expect that your organization could exert some influence in that regard. There are missions in the Active force now that can be accomplished just as well in the Naval Reserve and at less cost. This goes for types of ships and aircraft missions as well as shore support missions. It is always hard to break the ice, however, and change is fought hard by vested interests. I thing that this issue season may give us some shifting winds for the future and may point to an even more critical time for the Reserves.

NEW CHILD CARE AND FAMILY SERVICES LEGISLATION

Mr. CRANSTON. Mr. President, last week, I joined with Senator WALTER MONDALE, chairman of the Senate Labor Subcommittee on Children and Youth, Senator JACOB JAVITS, ranking minority member of the Labor Committee, and 21 other Senate cosponsors in introducing S. 3754, legislation of vital importance in helping to meet the Nation's child-care needs. This is urgently needed legislation, and today I would like to speak about some of the provisions of the bill.

Mr. President, this is not the first time that the Senate has undertaken to pass comprehensive child development legislation. During the 92d Congress, S. 3617, the Comprehensive Head Start, Child Developmen and Family Services Act, passed the Senate but failed to gain sufficient support in the House before the adjournment of that Congress. S. 3617—which sought to provide the best possible family-strengthening comprehensive child care legislation—was the result of a bipartisan effort to shape a child development bill that would meet the objections of the President to S. 2007, legislation to extend the Economic Opportunity Act, which he had vetoed the year before.

As a member of the Senate Subcommittees on Children and Youth, and Employment, Poverty, and Migratory Labor, I was involved throughout the development of this legislation and believe it was a great loss to this Nation when the House failed to take action on S. 3617 before the end of the last Congress, thus allowing the bill to die.

Mr. President, efforts to meet the needs of children have also been thwarted by the persistent attempts of the administration to reduce the scope of social services programs funded under the matching titles of the Social Security Act. In California, three child care programs are presently under such funding—the children's centers programs, the migrant day care program, and the campus child care program. In fiscal year 1974, they accounted for some 65 per-

cent of California's social services allotment under title IV–A.

Last year, when Congress, realized that social services expenditures were threatened with severe curtailment, owing to restrictive regulations proposed by the Department of Health, Education, and Welfare, it expressed disapproval of this administrative approach and enacted legislation which suspended implementation of the regulations. Under provisions in Public Law 93–233, the regulations in effect in January of 1973—before the new regulations were proposed by HEW—were extended an additional 12 months, through December 1974.

The Senate has also passed legislation—in H.R. 3153, the Social Security Act Amendments of 1973—which, in effect, converts the 75-percent Federal matching funds under the social services program to a social services revenue sharing program. I supported this provision when H.R. 3153 was considered on the floor, after strongly urging adoption of Senator MONDALE's successful amendment to require that child care programs supported under title IV–A to meet the requirements of the interagency day care standards of 1968.

In connection with the effort to prevent emasculation of the social services program, I also was privileged to chair joint hearings last year on June 15 in San Francisco, and on June 16 in Los Angeles, of the Senate Labor and Public Welfare Committee's Subcommittee on Employment, Poverty, and Migratory Labor and the Special Subcommittee on Human Resources, on the effect of the proposed cutback in social services, along with the impact of other administration recommended budget cuts. Senator MONDALE, the author of both S. 2528—the social services legislation which lead to the compromise now in H.R. 3153—and of S. 1220—legislation I cosponsored earlier this session which resulted in the original Finance Committee postponement of the effective date of the May 1 regulations—joined me at those hearings.

The challenge of child care needs is vital to us all. Our children are our future. They deserve the very best we can provide for their growth and development. Yet millions of children today are denied the chance to realize their potentials. The magnitude of child care needs for the children of this country is staggering.

In a report on the numbers of eligible children and available licensed facilities for day care, the Small Business Reporter declared that almost half of America's mothers with children under 18 hold jobs outside their homes. In 1972, of the 12.7 million workers in the Nation's labor force, 4.4 million had 5.5 million children not yet old enough to attend school. California alone has 470,000 working mothers responsible for nearly 1 million preschool children. During the same year, however, only about 700,000 places in licensed day care facilities were available throughout the country; and the State of California was able to offer a mere 140,000 spaces for its preschool youngsters.

National studies show that approximately half of the eligible preschoolers stay at home to be cared for by a nonworking parent, older child, or relative. Another 2 million of the country's children under 6 are left in the care of half a million substitute mothers in family day care homes.

I think it is significant that these figures are cited in a business magazine published by the Bank of America. The business community knows that there is a day care market that can fairly be anticipated to reflect a steadily growing demand for facilities. Further on in the report, the Small Business Reporter assesses the future day care demand. Among other things, it states that, despite reports of the decline in the birth rate, the number of young women is on the rise. In 1970 there were 15.5 million American women between the ages of 20 and 29, considered the prime childbearing years. According to census projections, this group may well reach 20.6 million by 1985.

And whether or not the present birth rate declines further, Mr. President, the number of preschool youngsters is expected to increase. In 1970, there were 17.2 million children under 5; in 1975—depending on birth rate fluctuations—the under-5's might total anywhere from 18.9 to 21.3 million. By 1985, the United States could well have as many as 30.2 million preschoolers.

The reporter goes on to point out the effects of changing child-raising attitudes and occupation roles. During the sixties, California's work force of women grew by more than 50 percent. Today one-third of the State's mothers of preschool youngsters work part time or full time—some because of economic necessity, others for personal fulfillment. Statisticians predict that during the seventies, the number of employed preschool mothers will rise by 50 percent, reaching 5 million in 1975, 5.3 million in 1980, and 6.6 million by 1985.

California's performance, although meeting less than 15 percent of the child care needs of over 1 million children, is by far the best in the country. Due particularly to Superintendent of Schools Nikon Riles' leadership, California is providing fully 20 percent of the nationwide day care spaces.

Another factor contributing to the burgeoning female work force is the rising divorce rate and the attendant number of households now headed by women. Over the last decale, marital dissolutions—often involving young women with preschool children—in California rose by 148 percent, and in 1970 the State had 296,000 such families.

We now have only about 700,000 child care "slots" in licensed facilities throughout the country. That is just 10 percent of the number of children of working mothers. The large majority of these children are cared for in their own homes or the homes of others, or they are just not cared for at all. At best, most receive only custodial care.

The bill we have introduced, S. 3754, the Child and Family Services Act of 1974, will go a long way toward rectifying this dismal situation by authorizing a variety of services for preschool children and their families, including all-day and half-day care, afterschool programs, and in-the-home tutoring and education for parenthood. Services will also include prenatal care, nutrition, diagnosis and treatment of health problems, and special activities for handicapped children.

I am especially pleased that programs for preschool children from needy homes will receive top priority and that the bill will set aside special funds for handicapped, migrant, and Indian children.

An important feature of the bill, I believe, is its recognition that the family is the primary influence on children. The bill will strengthen the role of the family by providing greater parental control over the programs in which their children take part.

I would also like to stress the fact that participation in any of the programs will be strictly on a voluntary basis and that a child could participate only upon the request of his or her parent or guardian.

Services under the bill would be carried out by local and public and private agencies, including schools, through grants and contracts from State and local government "prime sponsors." The partnership of parents, community, and State and local governments, with assistance from the Federal Department of Health, Education, and Welfare, is another important feature of the new bill.

I am delighted to be joining my colleagues, Senators MONDALE and JAVITS, and others in introducing such farsighted and responsive legislation.

EMIGRATION OF JEWS FROM THE U.S.S.R.

Mr. HUGH SCOTT. Mr. President, several weeks ago I placed in the CONGRESSIONAL RECORD a statement of Soviet Parliamentarians regarding the emigration of Jews from the U.S.S.R.

In the interest of fairness, I ask unanimous consent to print in the RECORD a rebuttal prepared by the National Conference on Soviet Jewry.

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

[From the National Conference on Soviet Jewry]

SOME COMMON SOVIET CLAIMS ABOUT JEWISH EMIGRATION

Soviet claim. Soviet emigration practices are strictly an internal affair of the Soviet Union and are therefore of no concern to the United States or any other country.

Fact. The right of an individual to leave any country, including his own, is an internationally recognized fundamental human right and is upheld by international law and practice. The right to leave is affirmed in the Universal Declaration of Human Rights (regarded by international lawyers as the authoritative interpretation and extension of the UN Charter) to which the Soviet Union considers itself an adherent. This right is also upheld by the International Convention on the Elimination of All Forms of Racial Discrimination, which was ratified by the USSR in 1969, thus making it binding on the Soviet Union.

Soviet emigration practices violate international law and agreements to which the Soviet Union itself is a party. What the U.S. Congress is asking, through the Jackson/

Mills-Vanik amendment, is that the Soviet Union adhere to such international agreements and allow its citizens the universally recognized right to emigrate.

Soviet claim. 95% of all those applying for exist visas receive permission to emigrate from the USSR.

Fact. When Leonid Brezhnev made this claim to U.S. senators, during his June 1973 visit to Washington, about 100,000 Jews were awaiting exit visas. Now, that figure has risen to more than 150,000 who await permission to emigrate.

Soviet claim. Permission to emigrate is denied only to those who possess State secrets, or whose job is connected with military secrets, and thus their leaving might endanger Soviet national security.

Fact. Those refused exist visas include artists, laborers, physicians, clerks, as well as scientists in non-sensitive fields. Only a handful of individuals denied visas have had any possible connection with classified materials, and almost all such cases involve information whose possible relevance is outdated.

Soviet claim. Due to the already large number of Jews given exit permits, the numbers requesting permission to leave are constantly declining.

Fact. There has been no decline in the number of Jews requesting affidavits from abroad to emigrate. The average number of Jews beginning the application process has stayed at about 5,000 a month since the beginning of 1973.

Since an average of only about 1,700 Jews a month have been allowed to leave during 1974, the backlog of Soviet Jews waiting to emigrate is increasing by more than 3,000 a month.

Soviet claim. The rate of permitted Soviet Jewish emigration will continue at the same level as in 1972 (i.e. about 32,000 a year). This guarantee was given orally to President Nixon by Soviet officials in Spring, 1973.

Fact. This rate was maintained and slightly increased during 1973. However, the average emigration rate permitted during 1974 has dropped to about 1,700 individuals a month. This is a decrease of more than 1,000 a month from the rate during 1973 (i.e. over ½ less a month than the number permitted in 1973).

The number of Jews permitted to emigrate in May 1974, was slightly more than 1,200. This is the lowest monthly figure in over 2½ years.

Projecting forward the emigration rate of the first 5 months of this year would result in a total emigration figure for 1974 of only about 20,000. This figure would be a substantial drop of some 11,000 below the 1972 emigration figure and some 13,000 below the 1973 figure.

Soviet claim. Israel does not want a larger rate of Jewish emigration from the USSR and could not handle more emigrants than are currently being let out by the Soviets.

Fact. Israel is eager to receive and ready to absorb every Jew the USSR will let out. The importance of the Soviet Jewish emigration to Israel can be illustrated by the fact that during the October (1973) war, when Israel needed all her aircraft for military use, she sent empty planes daily to Vienna to bring in Soviet emigrants.

As for ability to absorb large numbers of emigrants, during the first couple of years after the establishment of the State, in 1948, Israel with a population one-fourth its present size absorbed as many as 50,000 Jewish emigrants a month.

Soviet claim. 1,000 Soviet Jewish emigrants to Israel want to return to the USSR.

Fact. Of the more than 90,000 Soviet Jews who have arrived in Israel since the beginning of 1968, *only 142* (far less that 1%) requested to return to the Soviet Union. Of these, 40 were accepted back into the USSR; 22 returned to Israel; and 80 are still in Vienna waiting for the USSR to readmit them.

THE GOALS OF SOVIET AND AMERICAN JEWS

*1. Release the Jewish Prisoners of Conscience who languish in Soviet labor camps, and whose only real crime was their wish to enlarge to Israel.

2. Allow those Soviet Jews who have been waiting, for many years, to immediately emigrate.

3. Permit all Soviet Jews who wish to do so to leave for Israel, or any country of their choice, to rejoin family and to live as Jews, and to cease all forms of police, juridical and bureaucratic harassment against those who wish to leave.

4. Remove vague and arbitrary emigration procedures, by regularizing and standardizing the process, in an open form.

5. Make available the institutions, schools, textbooks and materials necessary to teach the religious traditions and beliefs, the languages, the history, the practices, the culture and the aspirations of the Jewish people.

6. Halt all anti-Semitic and anti-Jewish propaganda in the media and in books, including so called "anti-Zionist" material.

(NOTE.—Emigration statistics used throughout are based on actual arrivals in Israel.)

EMIGRATION STATISTICS, SOVIET JEWS

1963–71: 17,082 (approx.).
1972 total: 31,082 (approx.).

Arrivals in U.S.A.

1972	543
1973	1,449
1974 (June 10, 1974)	1,514

	1973	1974
January	2,500	2,365
February	2,751	1,581
March	2,174	1,726
April	2,821	1,597
May	2,171	1,222
June	1,926	-----
July	2,240	-----
August	2,660	-----
September	3,065	-----
October	4,200	-----
November	3,814	-----
December	3,039	-----
Total	33,161	-----

Based on arrivals in Israel.

It has been widely interpreted that the introduction of new procedures, the crackdown by the KGB (Security Police), and the resulting sharp decline in emigration for the first five months in 1974 is an attempt on the part of the Soviet regime to intimidate Soviet Jews. It is considered, by some, as a move to impress the United States Senate, which is considering legislation which would tie emigration to grants and credits, not to pass that legislation and to thwart efforts which support Soviet Jews. Soviet Jews themselves have said that they did expect this cutback, and that they are firm in their efforts to seek to emigrate.

Affidavits requested from relatives in Israel through this month are approximately 150,000. This represents a considerable increase, since the decline in the number of those who have been processed. The hard core group of persons repeatedly refused ("refusenicks") is approximately 2,000, even though there have been several cases of persons in this category receiving permission to leave during the past year. They were replaced by others.

The number of Jews who requested affidavits abroad, and began the application process, was approximately 5,000 per month, through this month.

* There are 31 Soviet Jewish Prisoners of Conscience who were tried for "crimes" related to their desire to emigrate to Israel.

A COUNSELOR GENERAL FOR BIG BROTHER?

Mr. MONDALE. Mr. President, a recent article by Frank Kelly in the Bulletin of the American Society of Newspaper Editors, is a provocative presentation of ideas generated by a recent conference sponsored by the Center for the Study of Democratic Institutions.

Many of the ideas discussed in this article are intriguing suggestions on ways to bring about a revitalized system of checks and balances in our democracy. I commend this article to my colleagues and hope that many of these ideas will be discussed and debated fully in the months to come.

Mr. President, I ask unanimous consent that the article by Frank Kelly be printed in the RECORD.

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

A COUNSELOR GENERAL FOR BIG BROTHER?

(By Frank K. Kelly)

"Government by secrecy" and democracy cannot live together successfully. But the pressures for secrecy in an age of emergencies are more powerful than the demands for candor. Can we move toward a more open society, or must we endure the slow choking of our constitutional government?

Concerned about these questions and others related to the future of constitutionalism, the Center for the Study of Democratic Institutions in Santa Barbara recently brought together 20 scholars who had been active in public life— and asked them to examine the implications of the Watergate investigations. The week-long meeting was organized by Harvey Wheeler, Center Senior Fellow, after he and others had been asked for suggestions by Arthur Miller, professor of constitutional law at George Washington University and chief consultant to Senator Sam Ervin. Each participant was urged to make proposals to preserve and strengthen constitutional systems.

Harry Ashmore, the Center's president, quoted a chilling observation by the philosopher Hannah Arendt, who once speculated that distortion might be a necessary element in human change: "In other words, the ability to lie, the deliberate denial of factual truth and the capacity to change facts, the ability to act, are interconnected; they owe their existence to the same source, the imagination . . . Hence, when we talk about lying and particularly about lying among active men, let us remember that the lie did not creep into politics by some accident of human sinfulness. . . ."

Ashmore said: "The American version of representative government is founded on the assumption that power corrupts—and the founders recognized that one of the most prevalent corruptions results from the temptation to employ secrecy and/or deception for the personal convenience of those who exercise authority." Ashmore argued that the function of the press as a watchdog under the First Amendment was not adequate today: "The sensational exposures that have recently lifted the shield of official secrecy in national security matters did not result from the automatic interaction of the system's independent parts, or from the enterprise of its overseers in the media, but from the flow of outlaw acts of individuals within the executive branch who profess to be motivated by moral outrage . . ."

Ashmore called for abolition of "the clandestine mission of the CIA." He urged new

consideration for Woodrow Wilson's plea for "open covenants openly arrived at." He advocated public financing of elections and "the creation of a national election agency" with "a publicly-financed communications system that will enable candidates to address the electorate without laying out private money for radio, television and newspaper advertising, direct mail, opinion polls and all the promotional paraphernalia now used."

Harlan Cleveland, president of the University of Hawaii and a former Assistant Secretary of State, declared: "The doctrine of 'the fewer in the know, the greater the security' is seductive." On its face it makes sense, but decisionmaking about complex national security matters produces grotesque results so often that there must be something wrong with the picture. Some examples from recent history show how badly the principle works in practice: the Bay of Pigs fiasco resulted directly from insufficient candor in too small a group. . . . During the first few days of the Cuban missile crisis, only 14 people were let in on the secret. It was no accident that a more moderate (and certainly more effective) policy prevailed after a second tier of staff people had been brought in to sift the options. . . .

"The cautionary principle is: if the validity of your action depends on its secrecy, watch out! Perhaps this warning should be inscribed on the wall of the White House cabinet room where the National Security Council meets. . . ."

William Watts, a former member of President Nixon's National Security Council staff who resigned in a policy dispute, called for a revision of the classification and security systems. He wanted Congress to conduct more thorough inquiries in these areas and to give a closer scrutiny to operations conducted in secret.

All of the participants in the conference—with the exception of this writer—endorsed a proposal by Professor Paul Mishkin of the University of California Law School at Berkeley. Mishkin proposed the establishment (by a constitutional amendment) of the office of an independent "counselor general." This officer, who might serve as long as 15 years, would head a fourth branch of government with power to investigate complaints about the President and to curb abuses of power. It seemed to me that the "counselor general" and his staff might become a "new elite" overshadowing the existing governmental institutions.

Other reforms discussed at the Center sessions included:

"Depoliticizing" the cabinet and the White House staff. This was a suggestion made by Arthur Larson, former adviser to President Eisenhower. Larson would create a cabinet-level post to handle political matters for the President and forbid all other staff members from engaging in partisan activities.

Outlining a system for "recalling" a President who had lost the people's support—as an alternative to resignation or impeachment.

Establishing an independent Attorney General, elected by the people.

Reorganizing and strengthening the Congress.

Requiring the President to make quarterly reports in person to Congress, to submit to questions by legislators and the press and to respond to the people's criticisms and comments.

The last suggestion was my own proposal. I focused attention on Section 3 of Article II in the Constitution, which describes the President's duties: "He shall from time to time give to the Congress information of the State of the Union . . ." Under this constitutional provision, Congress could establish the following procedures:

(1) The President could be required to appear in person four times a year to present a report for discussion by a joint session of Congress;

(2) The text of each quarterly report would have to be prepared in writing, with copies available one week in advance of the date of the President's appearance. Copies would be distributed to all members of Congress and to all accredited correspondents from the press and broadcasting organizations.

(3) The broadcasting networks would be required to carry the reports and the discussion in Congress, with one hour allocated for commentary on each report in prime time.

(4) The Speaker of the House and the President Pro Tem of the Senate would be authorized to present questions prepared on the basis of an analysis of the President's report. Members of the Congress would be asked to submit questions for consideration.

(5) On the day following each quarterly report, the President would be required to meet with the press for a one-hour conference to be carried by the broadcasting networks.

(6) Within a week following each Presidential report, the networks would be required to carry one hour of programs on the views of members of Congress, to be broadcast in prime time.

(7) Members of the broadcasting audiences and readers of publications in the United States and other nations would be invited to send to the Speaker of the House and the President Pro Tem of the Senate their reactions to the President's report and suggestions for questions to be asked of the President at his next appearance. Letters and telegrams received from people in all countries would be kept on file for one month, available for inspection by the press corps.

With these procedures, the activities of the President would be kept under a systematic scrutiny, with the people of the world participating in a discussion of his policies.

Through these steps—and others suggested at the Center conference—the United States could move away from "government by secrecy" toward a more open society. Congress and the press could play a vital role in the revitalization of democracy.

I would welcome comments by editors on any of these proposals.

BICYCLE SAFETY: A PRIORITY WHOSE TIME HAS COME

Mr. PERCY. Mr. President, over the past 3 years bicycle sales in the United States have increased substantially. Accompanying this fact is the unfortunate rise in bicycle-related injuries and fatalities. I was pleased to learn that the Consumer Product Safety Commission has begun taking steps to remedy this development by initiating a set of mandatory safety standards for bicycles.

The recent trend in bicycle sales can best be illustrated by manufacturers' figures. In 1972, 13.9 million bicycles were manufactured for sale in the United States by American and foreign companies. The 1973 figure rose to 15.3 million, and the projected level for this year is 16 million. Each of these statistics exceeds the figures for automobile sales, which have been estimated below 10 million for corresponding years. An estimated total of 70 million bicycles are in use in the United States today.

A disturbing aspect of this situation, however, is that there are approximately 1 million injuries attributable to bicycles each year, and 1,100 fatalities. The fact that 17 percent of the injuries reported were the direct result of mechanical or structural failures has prompted the CPSC to take action.

The new safety standards will set minimum strength and performance levels for brakes, steering systems, and frames, effective January 1, 1975. Also required will be wide-angle reflectors and road tests to establish the presence of sturdy construction, and manufacturers will be responsible for supplying maintenance instructions with each bicycle.

The increase in bicycle riding, partially owing to the energy crisis, has provided incentive for the Consumer Product Safety Commission to make bicycles a high-priority concern, recognizing them as potentially dangerous products. Despite recognition of this problem by CPSC however, according to Colman McCarthy, editorial page writer for the Washington Post, the Department of Transportation continues to consider bicycles a minor issue, and has not assigned anyone to work on matters of bicycle safety.

Mr. President, it is clear that bicycles are an important part of the American life style, and I believe that the rising number of injuries caused by improper construction and maintenance is a very serious problem. Accordingly, I encourage the Department of Transportation to follow the example set by CPSC, and begin dealing with this situation. Through the efforts of CPSC and the Department of Transportation the unnecessary deaths of bicycle riders may be prevented.

Mr. President, I ask unanimous consent that Colman McCarthy's insightful commentary entitled "Pedaling Bike Safety," in the Washington Post of July 9, 1974, and Walter Rugaber's excellent article, "United States Sets Safety Standards for Bicycles as Sales Boom," in the New York Times of July 3, 1974, be printed in the RECORD. These articles fully outline the current problems of bicycle safety in the United States, and the mandatory safety standards being instituted by the CPSC.

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

[From the Washington Post, July 9, 1974]

PEDALING BIKE SAFETY

(By Colman McCarthy)

Should bicyclists have special pathways built for them? Should cyclists be allowed to go through a redlight to get a jump on the traffic huffing in from behind? Should government agencies that provide space for cars be required to provide space for bikes? How should bike traffic over bridges be regulated? Should bikers be required to wear helmets as are motorcyclists? How does a biker make a left turn when he must ride on the far right side of traffic? Should bicyclists be given tax breaks, perhaps congressional medals, because they contribute to the good of the universe by not polluting and not using fuel energy?

These questions—some serious, some ridiculous—are among the many now being asked in American communities. In many places, they are being asked hurriedly, because suddenly bicycles are no longer seen as sidewalk toys but as potentially dangerous machines in greater and greater use. In 1973, 15 million bikes were purchased, a victory for sanity because that is more than the number of cars

Americans bought. The trend is sure to continue; General Motors recently jacked its prices for 1974 models by an average of $118, a sum that covers the cost of a workable bicycle, and with scant chance of a recall.

Unlike the operation of bikes, the issue of their safety is anything but simple. An estimated 1,100 bicyclists will be killed this year, with 1 million injured. For the first three months of 1974, according to the Department of Transportation, 137 fatalities occurred, up from 118 for those months in 1973. During the so-called energy crisis, or whatever that was a few months ago, cars and pedestrian deaths decreased 25 per cent while bicyclist deaths increased 39 per cent. Despite this carnage, the Department of Transportation assigns no one to work full time on bike safety. Several workers of dedication do all they can between other assignments, but it is mostly personal interest, not agency policy, that moves them. An annual Congressional Bike Ride occurs—conveniently downhill—and newspapers make the mistake of sending photographers to snap pictures of the hearties. What is needed are pictures of the committee meetings in which Congress refuses to deal meaningfully with bike safety.

The complexity of bicycle safety is seen not only in the actual number of machines now in use but even in the many kinds of citizens using them. Foremost are the buffs, those hunched-over wonders of 10-speed muscles who take 100-200 miles afternoon spins. Following, in slower shifts, are: the recreationalists and tourists who head for parks and picnic grounds; the pragmatists who commute between work, school and the shops and who have the pleasure not only of pedaling, but of enjoying such urban sights as motorists jammed in traffic or lining up to pay $3 for parking; the children under 14, innocents who have yet to realize the roads are crowded with drunken or incompetent adults who plow into junior cyclists in a disproportionate number; and finally, the ex-car user who is finished shelling out wasteful sums for gas, repairs, insurance, license plates, parking fees, with all of it added to personal expenses like traffic jam tension and a lack of physical exercise.

In urban areas the most basic cause of crashes is that both bike and car users compete for the same space. The mix is perilous because, as the Michigan State Safety Commission reported in April, "there is a great differential in speed between bicycles and motor vehicles, two-wheeled vehicles are more susceptible to loss of control, cyclists have little protection from injury in the event of an accident, and while trying to avoid a cyclist, a motorist may have an accident that otherwise would not have happened."

When cycling in urban traffic, the biker is most conscious of getting creamed from behind, but authorities say that most of the accidents between cars and bikes occur in crossways. Thus, the danger to a cyclist is not from behind, but from ahead or to the side. This suggests that the cyclist is deluded if he thinks motorists are automatically reckless menaces and bikers are pure and righteous. Many bikers see cars as their natural enemy, when actually the most monstrous threat on the road can be another bicyclist.

At recent hearings in Washington, John Forester, a California engineer and cyclist, argued persuasively that about 80 per cent of bike accidents are caused by misuse of the machine. "It is probably a lot safer to put a young child on skis unsupervised at a ski resort than to let him play with a bicycle on the streets and highways; yet allowing a child to play with a bicycle is socially permitted, while allowing him unsupervised on skis is unacceptabe to most persons. As children mature they take their bicycles into more severe traffic conditions and add bike-car collisions to the falls and bumps suffered before, and, by and large, most of these collisions are also the result of not following proper traffic safety rules. For the almost-adult and adult cyclist, so far as we know, most accidents are still caused by either improper use of the bicycles in traffic or lack of the training in evasive maneuvers which should enable the cyclist generally to avoid the errors of other road users."

Personal responsibility is always an unpopular cause. If it is not "the other guy" who causes highway accidents, then it is defective equipment, bad roads or—in the case of cycling—not enough bike paths. Campaigns are currently on to lay down cement for bicycles. But there is no sound evidence that bikeways will lower the urban accident rate. Even if bikeways are available, it is open to question how many cyclists will use them. In Washington, a natural bikeway exists along Massachusetts Avenue for nearly two miles from Wisconsin Avenue to Sheridan Circle; yet many cyclists avoid it, preferring to compete against cars for space on the road.

It would be pleasant if bicycle safety could be kept as simple an issue as pedaling along on a summer afternoon on a rural road. But as with most problems involving human behavior, community space and economics, complexities crowd in. For now it is not bike-paths or better bikes that will greatly increase safety, but only the extreme caution of the cyclist. His irresponsibility causes most crashes. Sadly, only a jolting flight over the handlebars, caused by a biker's own softheadedness or lack of skills, is likely to awaken him to that uphill truth.

[From the New York Times, July 3, 1974]

UNITED STATES SETS SAFETY STANDARDS FOR BICYCLES AS SALES BOOM

(By Walter Rugaber)

WASHINGTON, July 2.—The Federal Government issued mandatory safety standards today for bicycles, which are outselling automobiles now and are said to be involved in more than a million injuries a year.

The Consumer Product Safety Commission will impose minimum strength and performance requirements on brakes, steering systems, frames and other bicycle components sold in the United States after next Jan. 1.

Manufacturers will be required to provide wide-angle reflectors to increase visibility at night, chain guards on non-freewheeling pedal systems and fenders without sharp edges.

The Government regulations also call for a four-mile road test and an instruction manual explaining how to assemble the bicycle and maintain such basic elements as brakes and tires.

70 MILLION BIKES

The commission's action came amid a boom in bicycle riding. A spokesman for the Bicycle Institute of America estimated that 70 million bicycles were in use today in the United States.

This compares with about 100 million passenger cars. But the institute, a trade association based in New York, said that bicycles were selling faster than cars for the first time since World War I.

American and foreign manufacturers produced 13.9 million bicycles in 1972 for sale in the United States and 15.3 million last year. Production is expected to reach 16 million this year. Automobile sales in the United States have run below 10 million in recent years.

A spokesman for the institute attributed the renewed popularity of bicycles to ecology-minded young people and Federal subsidies for bicycle paths.

The recent energy crisis was only "the crowning touch," the spokesman asserted, adding that he thought the trend would continue and that the bicycle "is not the hula-hoop of the seventies."

A dramatic shift in the bicycle market has occurred during the last several years. In 1969, according to institute figures, only about 12 per cent of the bicycles sold in the United States were described as "adult-type" vehicles.

In 1974, the trade group estimates, the "adult-type" bicycle—typically a lightweight, diamond-framed bike—will account for 65 per cent of the market. The 10-speed bicycle has been the most popular model in the last two years.

The surge in bicycle riding has advanced the vehicle to the top of the safety commission's index of hazardous products. The agency put the total number of injuries at more than a million.

Of these, the commission said, 419,000 persons were hurt seriously enough last year to be treated in hospital emergency rooms. The bicycle institute spokesman said the figure was exaggerated, but he could provide no alternative figure.

The Government said an analysis of injuries indicated that 63 per cent involved a loss of control by the riders and 17 per cent involved mechanical or structural failure.

The new standards are scheduled for publication in the Federal Register on July 16. A copy can be obtained by calling the safety commission's toll-free number, Area Code 800, 638-2666 (Area Code 800, 492-2937 in Maryland).

The new standard will require brakes capable of stopping a bicycle ridden by a person who weighs at least 150 pounds, and at a test speed based on the bicycle's gear ratio, in no more than 15 feet.

REFLECTORS REQUIRED

The Government will also require that bicycles have wide-angle reflectors on the front and rear and the pedals. And bicycles must have either reflectorized tires or reflectors on the wheel spokes.

The regulations call for locking devices to hold wheels securely to frames and to clamp handlebars and seats solidly into place.

There also is a minimum standard for the front fork, that part of the bicycle frame that extends downward on either side of the front wheel. The safety commission would require the forks to withstand a static load. An official said the amount of stress applied would vary depending on the particular part involved.

Another standard would ban obstructions that extend more than five inches above the seat. This is aimed at such features as "sissy bars" behind the seat that might make mounting dangerous.

Bicycles with pedals that cannot be turned backward so as to free clothing that has been caught will be required to provide protective guards over their drive chains.

ROAD TEST, TOO

Other standards will govern such specific components as tires. And there is a final, over-all requirement calling for a road test that includes five passes over a 100-foot course of wooden cleats.

"The bicycle shall exhibit stable handling, turning and steering characteristics without difficulty of operation" during this test, the commission says. "There shall be no system or component failure of the structure, brakes or tires, and there shall be no loosening or misalignment of the seat, handlebars, controls or reflectors."

A commission official acknowledged that the more subjective aspects of this standard might be hard to apply precisely, but he said it was included to express the agency's intent.

In addition to the required maintenance instructions, intended to allow consumers to do some work themselves, a bicycle for sale

that was less than fully assembled would have to carry "a list of tools necessary to properly accomplish assembly and adjustment."

HUMANITARIAN PROBLEMS IN INDOCHINA

Mr. KENNEDY. Mr. President, last week the Subcommittee on Refugees continued its public inquiry into the crisis of people created by the Indochina war. It met, as we have for nearly 10 years, to review American policy toward Indochina and to make the case again that the humanitarian problems of refugees, civilian casualties, orphans, and war victims of all kinds, must be a matter of vital concern to the American people and their Government.

The subcommittee received the testimony of its recent study mission to South Vietnam and Cambodia, which reported on current American programs to meet the humanitarian needs of the people in these two war-torn nations. The study mission was composed of Mr. Wells Klein, executive director of the American Council of Nationalties Service, and Dr. David French, director of the Office of Community Health Affairs of Boston University's Medical Center. Both have served as consultants to the subcommittee.

I would like to share with my colleagues the text of their report to the subcommittee, because I believe their findings bare heavily on the administration's request for aid to Indochina which is now before the Congress.

Regrettably, their report indicates that there has been very little change in the nature of the problems confronting the people of Indochina, or in the character of American policy toward the area. Despite the rhetoric of peace with honor, there is no peace. The tragedy of Cambodia increases every day. War continues. And the level of human misery deepens.

As Cambodia bleeds, as the human toll mounts with each day of continued war, in South Vietnam the "cease-fire war" has also meant that more Vietnamese have been killed, more refugees have been displaced, and more civilians have been wounded or maimed. In fact, more Vietnamese have died in 1 year of the cease-fire than all American casualties over an entire decade of war. Fighting continues in South Vietnam because our diplomacy has failed to end it.

In Laos, serious questions remain over our policy toward the newly established Provisional Government of National Union. Despite our country's general public support for the cease-fire agreements and the formation of the new government, several indicators suggest that the intent of some of our remaining presence in Laos can only help to perpetuate old relationships and the division of that country. We have gone that route once before, with tremendous cost to our own country and the people of Laos. We must not repeat this mistake and failure of the past. The new government must be given a chance to work.

Meanwhile, the humanitarian needs of the Laotian people remain as great as ever. Tens of thousands of refugees are still crowded on land that will neither support their needs nor give them any hope for the future.

Mr. President, a regional crisis of people remains acute today throughout Indochina—because our aid program has yet to place top priority on meeting the relief and rehabilitation needs of people, rather than the financial requirements of armies and governments. This administration's budget priority remains with the means of war rather than with the tools for building peace.

We are told we have a "moral commitment" in Indochina. And we hear officials say that if Congress does not provide the amount of aid requested, it "will be a violation of the clear understandings the South Vietnamese had from us at the time of the cease-fire."

What understandings? And who made them? And why are they hidden from Congress and the American people? And what about our moral commitment? What is so moral about providing vast quantities of ammunition for Indochina? What is so moral about an aid program that places a priority on fueling war and keeping a war economy afloat, rather than helping to meet the needs of war victims?

We have no moral commitment to any army in Indochina. We have no moral commitment to this or that government—to this or that official or faction. Our only true remaining moral obligations are with the people—to the millions of people in Indochina who cry for help.

We have a moral obligation to help accomplish political goals of the cease-fire agreements. We have a responsibility to remove our assistance to the people of Indochina from the political conflict, by channeling it through United Nations and other international humanitarian organizations. We have a duty to help people, not to buy time for governments too weak to support themselves.

Until these obligations also become the focus and priority of our aid program in Indochina, we are destined to meet again in a hearing next year to find, once again, that peace is still a stranger in Indochina, and that the plight of the people remains as serious as before. Until the violence ends, and political settlements are negotiated, the only "takeoff" we will see is an increase in the number of refugees, civilian casualties, orphans, and other victims of continuing war.

Mr. President, this tragic reality, of an escalating humanitarian crisis in Indochina, is documented in the report of the study mission to the subcommittee, and I ask unanimous consent that their testimony be printed at this point in the RECORD.

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

STATEMENT OF WELLS KLEIN, EXECUTIVE DIRECTOR, AMERICAN COUNCIL FOR NATIONALITIES SERVICE, AND MEMBER OF THE SUBCOMMITTEE STUDY MISSION TO SOUTH VIETNAM AND CAMBODIA

Mr. Chairman: It is a pleasure to be here this morning to report to you on the visit Dr. David French and I recently made to Vietnam and Cambodia in our private capacity as consultants to this Subcommittee. As you know the purpose of our visit was to review humanitarian problems particularly in the fields of health, child welfare, and refugee assistance, which have been of concern to this Subcommittee for many years. Because of the shortness of time and the rather large body of data and observations we wish to transmit to the Subcommittee we will confine our testimony this morning to general observations and recommendations to be followed by a more detailed report later in the summer.

VIETNAM

I should have wished to begin this report on a positive note, for there have been some significant achievements in Vietnam this past year in relation to meeting the basic needs of people whose lives have been disrupted by war. Unfortunately, despite these achievements and changes in the specific nature of some of our humanitarian concerns, nothing has happened in broad terms, in the balance, to ameliorate the severity of human suffering in Vietnam. In fact, today the condition of people, the general level of misery, is as bad if not worse, than it was a year ago, and the situation continues to deteriorate.

Mr. Chairman: where we could once consider such matters as refugee care and resettlement, health services, and child welfare, as discreet areas of concern without specific reference to economic considerations, this is no longer possible. Vietnam's deteriorating economy and mounting inflation affect every aspect of humanitarian assistance.

In its simplest terms the basic problem is the continuing war with no end in sight and apparently no interest on either side in seeking a solution except on its own terms, and the eschewed economic structure and utilization of human resources dictated by total preoccupation with military considerations. Thus in 1973 Vietnam suffered a 65% inflation despite our economic aid, and another 26% in the first four months of this year. In ten years Vietnam's urban population has grown from 15 to 45 percent, and with the withdrawal of American forces, with their same 300 million dollars of personal and military spending, unemployment and under employment are rampant in urban areas. With this unemployment, the more than one million men in the armed forces, and the large number of people in government service, more than half of Vietnam's work force is either not working or unproductive in economic terms. In short, Vietnam is in the midst of serious economic depression compounded by an alarming and mounting inflation.

Against this backdrop it is not surprising that malnutrition is increasing alarmingly in urban areas as people are forced by economic necessity to switch from rice and protein rich foods to starchy substitutes. School drop-outs are rising as thousands of families can no longer scrape together the 3,000 piasters or five dollars per year required for school attendance. It is estimated that the number of "street children" has doubled since the beginning of last year, and infant abandonment is clearly rising as a result of economic pressure despite efforts to keep children with their families.

Mr. Chairman, it seems to be generally acknowledged that humanitarian concerns in Vietnam, especially today cannot be viewed, or resolved, outside of the broader economic context. The degree of unanimity on this is reflected in the similar views held by yourself and Ambassador Martin. Obviously there is need for economic stabilization if the people of Vietnam—refugees, children, orphans, the elderly, and the urban poor and destitute are to have any reasonable chance of progression beyond the struggle for sheer sur-

vival. How stability is to be achieved, at what level, with what hard decisions and belt tightening, and with what economic input from the United States, and through what mechanisms; these are the critical policy decisions to which this Subcommittee, the Congress, the Administration, the American people and the GVN must address themselves. Furthermore we must be clear in our own minds as to our obligations and our objectives. We may not agree, but at least let us understand the relationships between the economic, the political and the military in Vietnam. Finally, in considering how some degree of economic stability can be fashioned in Vietnam, we must also consider the needs of our own country caught in the pincers of inflation, and recession, and what some of us feel to be our basic humanitarian obligations in other lands such as the Sahel and Bangladesh where survival, not stability, is the pertinant concern.

Before turning to these questions, I would like to digress and report to the Subcommittee on recent developments in the fields of refugee resettlement and child welfare, particularly because the apparent, if still somewhat tentative, success of refugee resettlement has implications for broader policy.

A year ago, following the 1972 offensive and the upsurge of fighting after the ceasefire, refugee camps throughout Vietnam contained over 600,000 refugees with many additional people in refugee status out of camps. The deplorable situation of these people was documented in our testimony and the Subcommittee report last year.

As of our visit several weeks ago, however, these camps were almost entirely empty with the few remaining thousand refugees scheduled for resettlement in late June or early July. This significant achievement of return-to-village and resettlement was carried out by the GVN with major financial assistance and support from AID. I do not mean to suggest that there are no problems with the resettlement program, for there are many, but the overall direction is appropriate, given that conditions prohibit many people from returning to their original homes, and the program is being handled relatively well.

It was also comforting to note there is no indication that the GVN is using refugee resettlement as a means of expanding territorial control although in some cases this may inadvertently occur. By its nature, resettlement in Vietnam means placing people on previously untilled land. Thus resettlement could possibly be interpreted by the PRG as a move by the GVN to extend its territorial control, but such an interpretation based on present evidence would be both incorrect and most unfortunate, for there is no advantage to either side in making refugee resettlement sites a new focus of armed conflict.

Also, and contrary to the views of our Embassy, we could see no evidence that the PRG or NVA are specifically targeting refugee resettlement sites for military harassment. In Quang Ngai, a good deal of military activity swirls about resettlement and return-to-village locations, but this pattern has been endemic in Quang Ngai for many years. Otherwise, while refugee sites are periodically caught up in the fighting or receive almost random attacks, so do other civilian locations. Main force military activity seems to devolve around strategic objectives and lines of communication rather than population centers.

As mentioned earlier there are many operational problems, some of them serious, in the resettlement program. These include: inordinant delays in land clearing causing a backup of refugees living in totally inadequate staging sites; problems of land title; inadequate support from other ministries; particularly agriculture, public works, and health; fresh water supply and irregation; and insufficient attention to local development projects. Also the GVN and AID have been generally overoptimistic with regard to the period of time refugees will need supplemental assistance before becoming economically viable. Some land areas selected for resettlement seem, at best, marginal, and these people will require considerable assistance not presently budgeted or programed if they are to become self-sustaining.

Yet with all of its problems one must conclude that the resettlement program, if given sufficient follow through, will have significant results in moving large numbers of people out of a squalid state of dependency back to the land and their own homes (whether new or old) where they will once again be economically and socially productive.

The apparant success of the refugee resettlement program under the able leadership of Deputy Prime Minister Doctor Phan Quan Dan has led some 600,000 non-refugee families, mostly urban unemployed and poorly resettled refugees of previous epochs, to apply for resettlement under this same program. While it is unlikely that 600,000 families, or over three million additional people could, or would, be resettled in this manner, Dr. Dan estimates (and he has a good track record) that upwards of 1,000,000 people could be returned to the land over the course of the next two or three years. Short of peace, which is the ultimate solution, such a program, if adequately supported, would be a major contribution to economic and social stability, and would begin to bring some semblance of normality to Vietnam.

Unfortunately progress in the field of child welfare has not paralleled that in refugee resettlement. Only in the area of adoption has significant progress been made as measured by services presently available to children. There are now six American and international adoption agencies working in Vietnam. In general they are adequately funded including major support from the U.S. Government. It is important to recognize that intracountry adoption is the best available alternative for only a few of Vietnam's tens of thousands of disadvantaged children, and that those voluntary agencies now engaged in intercounty adoption are sufficient in number and professional competence to handle the problem in terms of the essential criterion—what is best for the children.

Members of this Subcommittee will remember that in previous testimony I have emphasized the need for adequate inter-country adoption services in Vietnam. With the progress made in recent months I must now state just as forcefully that further preoccupation with inter-country adoption, as against other child welfare services, would pose a false issue working to the detriment of those tens of thousands of disadvantaged children for whom Vietnam is, and will always be, home.

Turning now to other aspects of child welfare. It was more than fourteen months ago that this Subcommittee held a special hearing on "Orphans and Child Welfare in Vietnam." Subsequent to that hearing we received many assurances from the Government that child welfare concerns in Vietnam would receive priority attention. You will remember, Mr. Chairman, that shortly thereafter you and I met with Secretary of State Rogers on this same matter, and that during our discussion it was evident that the State Department and AID recognized the urgency of child welfare concerns in Vietnam. In short, it appeared that a long last the children of Vietnam would receive some reasonable attention.

Yet, fourteen months later funds for child welfare services (with the exception of adoption) are only now reaching those voluntary agencies who will actually program these services. The urgency articulated in Washington seems not to have reached Saigon, say nothing of the children who are, by and large, as they were fourteen months ago.

AID funds for child welfare services are being channeled primarily through voluntary agencies. These agencies have the professional staff and experience to provide immediate impact which the Ministry of Social Welfare lacks. Yet, in essentially by-passing the Ministry of Social Welfare to achieve immediate impact, AID is mortgaging the future of services to children in Vietnam. As Dean Dumpson stated in his testimony last year ". . . most of what we can do for children in Vietnam can only be accomplished through Vietnamese institutions. It is, therefore, imperative to strengthen the Vietnamese Government and voluntary agencies at the same time we are addressing ourselves directly to the immediate needs of children." Ignoring this admonition is a serious deficiency in our approach to child welfare. The objectives of immediate impact and of strengthening Vietnamese social welfare institutions are not mutually exclusive.

Another area of great concern which persists in the question of priority given to child welfare by the GVN. In our testimony last year Dean Dumpson and I urged the U.S. Government to ". . . raise the issue of the welfare of children with the Vietnamese Government at the highest level so that child welfare programing will receive equivalent priority on the Vietnamese side." We observed that "at this point the Vietnamese Ministry of Social Welfare is at the bottom of the Government's administrative structure and receives scant support in terms of funds and personnel."

In a separate report submitted to AID last fall after visiting Vietnam at the invitation of Ambassador Martin, Jean and John Thomas recommended ". . . what is needed in the welfare field is the same type of attention from President Thieu as he gave to the refugee efforts. What is most necessary is the enacting of a Presidential decree establishing an interministerial entity for social welfare."

Whatever the mechanism, it is apparent that our approach to child welfare will remain lopsided and inadequate until both we and the GVN are willing to give equivalent priority to this area. We would once again suggest that the Embassy and AID raise the question of child welfare and strengthening the Ministry of Social Welfare at the highest level.

Mr. Chairman, I would now like to return to that basic question which the Congress must shortly face in its deliberations on the Foreign Aid Bill—what should be the level of economic assistance to Vietnam and to achieve what objectives? The Administration has asked for 750 million dollars in FY 1975. This is an amount far in excess of that provided in FY 1974. The rationale for this request is that if we provide a higher level of economic assistance for several years Vietnam will achieve economic self-sufficiency and will no longer be dependent on the United States. This is a seductive argument but I have a strange feeling of "deja vu." I fear we are again being asked to see the light at the end of the tunnel.

In economic terms there is considerable question whether self-sufficiency can be achieved in this time frame particularly in the midst of a continuing war. The World Bank suggests that South Vietnam will be dependent on outside economic assistance and foreign exchange support until at least the 1980's. Furthermore, a significant portion of the 750 million dollars is slated for capital development in one form or another. One must question whether a wartime economy with all its attendent abnormalities is the place to embark on a major program of economic development.

The proposed level of economic assistance to Vietnam must also be viewed in relation

to our own domestic needs, which are considerable and obviously growing worse, and in relation to our economic assistance responsibilities in other areas of the world. Many of the less developed countries could achieve significant economic progress and in some cases reach "take-off" with a continuing fusion of capital on the order suggested for Vietnam.

Economic assistance obviously has political implications. With the level of assistance proposed for Vietnam we are trying to achieve by economic means what we could not by military—we are caught in the inertia of the past, and are still trying to "win the war". But peace can not be bought. If peace is to come to Vietnam, as it eventually must, then it will result from the resolution or compromise of those basic differences between the contestants which have been generic to the conflict for decades. Nothing will be achieved by the big powers loading their respective sides of the scales with more and more assistance. On the contrary, this dependence on others has the effect of further rigidifying the situation and prolonging the war. Why seek a resolution, why start the long and painful process of identifying possible areas of compromise and reconciliation when the United States, or China, or Russia are always ever present to maintain the status quo?

In advocating both a reduction in, and restructuring of, our economic assistance to Vietnam from that proposed I am not sugesting we have no obligations—we clearly do have. However, our obligations are not to a specific government but rather to the people of Vietnam and to the elusive promise of peace. The objectives of our economic assistance must be the achievement of economic and social stability and the reconstruction of the human and material resources of Vietnam. As a nation we should be willing to underwrite the costs of these programs. However, our commitment to long rang economic development, to a new and more sophisticated economic structure, to industrial parks and the like, these should be held in abeyance until such time as a peace settlement is achieved and such proposals can be judged on their own merits and in relation to similar requirements in other parts of the world.

Over the years you, Mr. Chairman, and this Subcommittee have repeatedly emphasised the need to involve multilateral UN family agencies in programs of humanitarian assistance to Vietnam and other countries of the Indochina peninsula. In the past some of these agencies have evidenced some reluctance to become too deeply involved in Indochina, and our government has hardly played the enamored suitor. At this junction, however, UNICEF, UNHCR and the IOG are each considering significant program expansions in Indochina, while WHO, UNDP and others may be considering similar actions. These initiatives are in keeping with the recommendations of this Subcommittee over many years and, theoretically at least, they are in line with the Administration's policy of encouraging additional economic and humanitarian assistance to the people of Vietnam, Laos and Cambodia.

There is a great deal which can be accomplished, and probably best accomplished, through multilateral assistance. In Vietnam, for instance, the Ministry of Social Welfare desperately needs technical assistence, as well as recognition, if it is to fulfill its mandate. UNICEF is the logical vehicle to provide assistance of this nature. If one considers Vietnam's estimated three percent rate of population increase together with its population structure of an unusually large numbers of young women about to enter their child bearing years, the prospects for economic stability, say nothing of growth in real per-capita income, are alarming. So for political and religious reasons Vietnam has been unwilling to come to grips with its population problem. Yet it must, and on a crash basis, if any economic assistance is to be meaningful. Multilateral assistance in family planning and maternal and child care, through UNICEF and the UN Fund for Population Activities would probably be the most effective and expeditious approach to this critical requirement. If something is not done immediately to control population growth in Vietnam, we automatically shelve any prospect for economic stability.

In both Vietnam and Cambodia UNHCR could provide vital assistance in refugee care and resettlement programs as could WHO and IOG in the health field. The important city-to-farm program in Vietnam would be a logical focus for assistance from UNHCR. In Cambodia, UNICEF and WHO could make important contributions to assisting the Khmer government in dealing with its serious health and nutritional problems.

In each of these program areas "funds in trust" mechanisms as well as "earmarked funds" can be utilized to support multilateral assistance and internationalize humanitarian assistance to Indochina. Yet at the very moment when it finally seems possible to anticipate significant multilateral assistance to the countries of Indochina, our government has taken a major action which, if followed to its logical conclusion, could unravel the entire structure of multilateral assistance throughout the world. I refer, of course, to our recent statement that since the United States provides 25% of UNICEF general funds, no UNICEF general funds should be used in PRG or DRVN areas of Vietnam. Obviously, if this dictate is enforced, then any nation, contributing to any general fund, of any UN agency, could exercise veto power over the entire program of that agency.

Mr. Chairman, I will end my testimony on Vietnam with the following observation. If it is our policy to isolate the PRG, the DRVN and the Khmer Rouge from international contract as was for so long our policy toward China, then our stance vis-a-vis the use of UNICEF general funds has a certain narrow international logic, even though it sets a precedent we may one day regret. If, however, we believe that international contact may open up channels of communication and possibly lead to a lessening of the extreme rigidity which presently characterizes the PRG, DRVN and Khmer Rouge factions, then our policy with regard to the use of UNICEF general funds, and its broader implications is totally unrealistic and reflects a level of political paranoia that borders on the absurd. Do we really believe that our interests will be violated if UNICEF provides assistance to children in these areas, or are we simply caught in the same inertia of the past with its tunnel vision?

CAMBODIA

The situation in Cambodia is markedly different from that in Vietnam in almost every respect, and comparisons between the two countries are not generally fruitful. During the four years of war in Cambodia a good half of the some seven million population have been displaced to some degree. The American Embassy estimates that there are currently upwards of 1,200,000 registered and unregistered refugees in the approximately 20% of the land area presently controlled by the government. These refugees represent approximately 23% of the total population under government control.

Since early 1973 the refugee population almost doubled its previous size. To quote a recent Embassy report: "The refugee problem has been compounded by a commensurate drop in production as refugees moved from the land into and around urban areas. This in time has led to shortage of many basic food stuffs and is one of the contributing factors in the hyperinflationary situation which exists in Cambodia today." The report goes on to say that "The key to the refugee situation then is not only to provide immediate assistance but also to resettle as many of the refugee population as possible on productive land."

To provide a point of reference for discussion of present conditions permit me to quote from my own testimony to this subcommittee a little over a year ago. At that time I said "To summarize the refugee situation, the prognosis is dismal. Neither our government nor the Cambodian Government have any organized refugee program. Adequate housing, sanitation, and medical service are either nonexistent or in short supply. Increasing numbers of refugees are being generated by an accelerated level of military activity and intensified American bombing. The repression on both sides is increasing with the government losing its precarious control and relying more and more on American intervention. And in the midst of this are a million refugees, half of them children. They are receiving virtually no assistance and face malnutrition, serious food shortages and, in some areas, the real specter of starvation.

While the military and economic situations have further eroded and the conditions of refugees are certainly no less serious than a year ago, the recent responses of the United States and Khmer governments to the refugee problem are encouraging. Because of statutory limitations on the number of official American personnel who can be in Cambodia at any given time and because the voluntary agencies represent an excellent resource, the U.S. Government has contracted with World Vision, CARE, and CRS to provide emergency refugee assistance, medical services and resettlement assistance particularly to the refugee population. Though these agencies in their programs reflect different priorities, and their programs are at different stages of development, each is operational and making a significant contribution. Together they utilize 47 international staff and 141 Khmer staff. In addition, the Indochina Operations group of the International Red Cross (ICRC & LICROSS) has five highly effective medical teams operating in Cambodia.

On its part, the Khmer Government has begun the difficult task of reorganizing its response to the refugee crisis. The new Minister of Refugees, M. Kong Orn appears both concerned and competent. He faces a difficult ask and deserves all the support that the U.S. Government can provide. Although the present government structure is clearly inadequate to deal with the enormity of the Khmer refugee problem, a reality recognized by both governments, it is, nonetheless, important that U.S. Government and private agency efforts be undertaken in consultation and coordination with the Khmer Government. This is a matter of both principle and practical effectiveness.

In response to a suggestion from the American Embassy the Khmer Government has recently organized the Resettlement and Development Foundation, a semi-autonomous body where membership is drawn from the Khmer business community. With U.S. funding the R.D.F. will concentrate on refugee resettlement. Although it only received its first funding in April the Foundation is already at work in Phnom Penh, and Kompong Thom.

While the unfortunately belated responses of the United States and Khmer governments are quite clearly insufficient to meet the enormity of the refugee problem, a positive beginning has been made and both governments appear to be moving forward as rapidly as their respective circumstances permit. Yet obviously, much more is needed, and it is to be hoped that future planning and program expansion will reflect the same

energy and commitment that presently characterize U.S. and Khmer efforts.

Some specific recommendations may be in order:

While the U.S. Embassy now has six positions allocated to refugee personnel, an additional two or preferably three slots are immediately needed, particularly in view of the increasing logistical support both the voluntary agencies and the Resettlement and Development Foundation will require. In addition, if one or two additional voluntary agencies are interested in working with the refugee problem, and if they are professionally competent to do so, they should be encouraged to participate in the program with substantial U.S. funding.

In closing these summary remarks on the refugee situation I would like to briefly comment on our policy in Cambodia. While I deplore the circumstances and decisions which led to our deep involvement in Cambodia, I have the impression that our Embassy is searching for alternatives and for a resolution of the current conflict. We seem to be looking to the future rather than to the past, and this is an encouraging sign in the midst of an otherwise depressing scene.

Finally, though I do not suggest changing the ceiling on U.S. government personnel in Cambodia, an interpretation of the law or a statement of Congressional intent which would exclude U.S. voluntary agency personnel working in Cambodia on humanitarian programs under U.S. government contract from inclusion in this ceiling would be very helpful. It would permit voluntary agencies to use their personnel in the most effective manner without impinging on the intent of the ceiling.

Testimony of Dr. David French

Mr. Chairman, my name is Dr. David M. French. I am the Director of Community Health Affairs for the Boston University Medical Center and further by way of introduction I might indicate that my basic medical background is in surgery with particular training in pediatric surgery. Of recent years I have become almost completely engrossed in the field of medical care with special interest in the medical care delivery system. In June of this year I visited, along with Mr. Wells Klein, the countries of South Vietnam and Cambodia as a consultant. The observations which I have made are the result of many experiences and a fair amount of detail which cannot be developed perhaps at the time of this oral testimony but much of it will hopefully appear later in a more detailed publication on behalf of the Senate Subcommittee on Refugees.

SOUTH VIETNAM

The general health problems of South Vietnam are those which are common to most poor, underdeveloped, tropical countries. Basically, they fall into six categories: (1) infectious disease problems, which includes the very large problem of gastrointestinal infections and infestations, respiratory diseases, and tuberculosis and venereal disease; (2) parasitic disease problems, including malaria and certain special parasitic diseases, such as schistasomiasis; (3) malnutrition, which relates in a larger sense to the whole reproductive process of the population as well as to the basic ability to resist infectious diseases listed above; (4) environmental conditions of the populace especially relating to their living conditions and the practices of general hygiene and sanitation; (5) the effects of Westernization, especially those effects which are brought about by mechanization, leading to a disproportionate incidence of accidents; and (6) problems which are peculiar to the mores and social conditions inherent in the population in question. The latter have to do with the age range within the population, the usually agricultural or rural life led by the population, their customs and religion, the rate and nature of population growth or decline; and that all of these must be considered in terms of their effect on the utilization of medical care.

Although it is not beneficial at this time to go further into the basic disease and other health problems of underdeveloped countries, it is, however, important to indicate that the superimposition of prolonged warfare over a period of 30 years can create deprivation and other widespread effects on the population which have everything to do with its survival and ability to compete in the modern world.

By way of examples I would like to quote the following figures. If one looks at the combined effects of natural accidents, especially having been increased by Westernization, the accidents of warfare and combine these with the effects of infectious and parasitic diseases, one finds that in 1970 this combined effect represented one-fourth (¼) of the total morbidity of the population, this morbidity rate being shared equally between the effects of trauma on the one hand and infection on the other. If one looks at mortality in 1970 in South Vietnam one finds that over 49% of the deaths in that country were related to the combined effects of accidents, warfare and infection, and again the accidents in war were about equal to the effects of the infectious process.

Two years later, in 1972, there had been little change and, in fact, the combined morbidity effect had increased to 28.7% while at the same time the effect of mortality had dropped somewhat from 49.3% to 43%. If one considers the increasing capacity of the Vietnamese health system to record and digest its own statistics, I think it would be safe to assume that the apparent increase in morbidity has little meaning. However, at the same time, the drop in mortality over that period of time by a full 6% is significant and indeed represents an improvement in the overall ability of the medical care system of that country to cope with its almost overwhelming problems.

The ability to cope with the combined problems of war, accident and infection in Vietnam have been related to an extremely capable and astute indigenous population which has benefited by a considerable input in terms of know-how and money from the American influence in that country over the last 8 years from 1966 to 1974. It is hardly justifiable that such involvement came about because of warfare; nevertheless, this side benefit did result from this unfortunate experience. At the outset the U.S. military was primarily involved in the backup and in fact much of the front-line medical care delivered in South Vietnam. However, over the past year and one-half, this has dramatically dropped off to zero (0) and during that period of time we have witnessed an extremely good symbiotic relationship between USAID public health input and the rapidly evolving medical care system of South Vietnam.

The major implication of the morbidity and mortality causes in this country as stated above is that preventive measures could be most productive in improving the health status of the land. One needs to say about the prevention of war casualties being directly related to the cessation of warfare and, of course, much is known about the prevention of accidents whether they be in industry, on the farm, related to motor vehicles or secondary to other Western inputs which, until relatively recently were foreign to the major part of the population of this country. Prevention, again, plays a major role in approaching the control of infectious, parasitic, enteric, and pulmonary disease problems.

These four categories of disease are eminantly responsive to early diagnosis and prevention and the recognition of this fact in the combined efforts of USAID health personnel and the indigenous health structure of the health structure of this country of South Vietnam has resulted in a dramatic change in the evolution of the input of assistance and consequent development of the medical care system of that country. The early input of AID support made through a contract with the American Medical Association to support medical education in South Vietnam started that country's development in the general direction which find our own country headed in at the present time, namely, an overabundance of superspecialization ensconced in multiple hospitals, requiring a considerable amount of the Gross National Product to support them. At the same time it becomes difficult to measure the widespread benefit to the total population of such a major investment at the top.

The medical education program instituted by the American Medical Association (AMA) went about a complete reversal in 1972 and at the present time the main productive output in terms of health education and in terms of investment in the medical care system is entirely geared to the level of the districts, villages, and hamlets throughout the whole expanse of the country of Vietnam. The development of widespread use of paraprofessionals, the ability to undertake systems of identification and recording of health problems and the general education of the populace relative to hygiene, nutrition and sanitation has to a great extent evolved from this medical care system, especially through the Ministry of Health's development of the National Institute of Public Health.

I feel that it is especially important at this time to make a plea for continued and appropriate backup and assistance for the medical care system in the country of South Vietnam until they have matured to the point of being able to continue under their own steam, adequately backed up by their own economic system. Current cutbacks in economic aid through USAID are grossly endangering this support and it becomes a question of what is the appropriate method to give adequate support to the health care needs of such a developing country.

I am in perfect agreement with you, Mr. Chairman, that such support should be multilateral in type with the United States government paying its fair share of the burden. Later on in this testimony I shall go into greater detail as to our investigations of the possibility of such a multilateral approach through the mechanism of various components of the United Nations.

Introductory Comment to the Recommendations for Vietnam

In order to put the following recommendations in the proper context, it is inappropriate at this point to make some overall observations relative to the current status of the medical care system development of South Vietnam.

The medical care system of South Vietnam was jolted out of the Dark Ages by the impact of the war, especially in its latter stages over the last 8 years, where marked involvement by the United States occurred. It should be kept in mind that the Vietnamese people have been involved in almost constant conflict for the past 30 years with various nations. An entire generation has come up under the impact of various degrees of deprivation, accentuated by the constant impact of war.

The major impact of military involvement on the part of the United States since 1966 in particular saw the introduction of large numbers of medical personnel from the United States both as part of the military as well as part of various volunteer efforts. At

its zenith this involvement was noted in every province of South Vietnam, at least in each of the provincial hospitals and in many instances at even district hospital levels and below. Since war casualties were handled not only by military installations but also to some extent in civilian hospitals, no fine line was ever drawn as to the extent of involvement of US military personnel in medical care delivery. Likewise, at times of lull in the fighting, US military medical personnel, as well as other US military personnel, often engaged in voluntary medical care support for the adjacent civilian population.

USAID during this same period developed a programmatic approach in the public health area which added to the input of military and voluntary health personnel from the United States and with the passage of time the USAID input became more and more heavily in terms of impacting on the evolution and modernization of the medical care system of the whole country of South Vietnam. The Ministry of Health and the Ministry of Education were particularly involved in this process and the evidence is quite clear cut at this time that a warm and symbiotic relationship existed between USAID health personnel and these two agencies of the Vietnamese government.

Likewise, the same excellent relationships apparently existed throughout the lower echelons of the health care system although initially the major impact was at the top. It is my observation that the development of the health care input of USAID was allowed to proceed with a minimum of interference on the part of those components of the American government that were primarily interested in the political aspects of the conflict in Vietnam. Evidence of this political conflict and its support are still very apparent in almost every other aspect of American involvement in Vietnam, but the health aspects seem to remain almost completely free of domination or interference by political forces.

It is also interesting to note that health personnel involved with major responsibilities in South Vietnam have evolved considerably from what must have been their normal state in the United States in that they ultimately became convinced of the need to make a major investment at the level of the interface between the individual person in Vietnam and his medical care system. For this reason an initial major investment in medical education for the purposes of developing highly trained specialists and a topheavy hospital-oriented medical care system similar to that of the United States was halted.

A major conference was held in 1972 with input from outstanding consultants from other developing countries which led to a reorientation of emphasis for the medical care system with a major commitment to the field of community medicine and the training of community medical care practitioners who would be spread throughout the length and breadth of the land. In addition, a major commitment was made to train other kinds of medical care personnel likewise to be distributed throughout the length and breadth of the land to work at the district, village and hamlet levels in order to make a major impact in the area of public health and preventive medicine.

Since that time this reorientation or new approach is in evidence everywhere and the public health personnel of USAID and the Health Ministry and Educational Ministry as well as the government of Vietnam are to be commended for this approach which is already beginning to show signs of payoff in terms of impacting on the health care needs of this country. There is evidence of increasing utilization of health care services in this country as a result of positive experiences by the populace which had previously been heavily dependent upon a traditional medical care system. The unfortunate thing is that as success mounted in this rational approach to the development of medical care, cutbacks in support both in terms of direct funding by USAID and personnel input from USAID appear to be endangering the continued successful development and could perhaps prevent full maturation of a system which undoubtedly would ultimately be able to stand on its own two feet.

I would like to indicate, Mr. Chairman, that this situation is particularly precarious in terms of the medical logistics and supply system which has been developed allowing the broad distribution of pharmaceuticals and other necessary medical supplies throughout the country, the capital development and improvement of the district level and below health facilities (MID and MD), the development of the Under Six Program which is a special maternal and child health program dependent upon the expansion of the capabilities of midwives, the National Laboratory Program which is on its way to developing a standardized system of laboratory support for the entire country, including the training of necessary personnel, and the multiple programs in the process of developing through the emerging National Institute of Public Health.

It seems to me to be unquestionable the nature of this humanitarian aid in the medical care field and it would seem that it would be important to reorder priorities such that support could be maintained in an adequate amount to assure its continued development and maturation. The accompanying chart which takes into account the reduction of US funding input, the increase of the government of Vietnam funding input as well as inflation relative to the piaster shows that in actuality there has been a steady but slow decrease in overall funding input into the medical care system of Vietnam.

VIETNAM

Recommendations

A. Continued General and Special Support of MOH

1. Planning and Program Development—

a. Development of health education system—not only the medical school at Saigon, but also helping the medical school at Hue and the new private medical school in Saigon. Additionally via the National Institute of Public Health develop medical support personnel training and education to increase the realization of a program of preventive medicine and public health. Specifically, these include the laboratory, medical logistics and supply systems, pharmacy, epidemiology and field survey, midwifery, sanitary and environmental and health education personnel.

b. Support and consultative services directly to the Ministry to increase their capabilities nationwide.

2. MOH support to assist in development of capability to carry out ongoing evaluative methods capable of feedback into operating medical care system.

B. Project Support

1. Logistics program—This is in danger of AID support cutback leading to collapse.

2. National Institute of Public Health—An existing well run and developing multilateral project through the UN destined to play a significant role in the country's health care future. Advise continued support towards its completion and of ongoing programs.

3. MCH Program Development—A major area of program development since 65–70% of population is either children or mothers.

a. Under Six Program—been developed via AID, MOH, and National Institute of Public Health, needs funding input to make it a reality at district, village and hamlet level.

b. Family Planning—population growth now at dangerous level of 3%/year, outstripping economic growth capabilities. Government support is feasible.

c. Special Manpower Development—especially in training of midwives to assume role in basic child care under six years.

4. Facilities Development—

Completion of development of MID (district) facilities and further development of MD (village) facilities strongly recommended. Project in danger of extinction because of funds lack—AID.

C. Multilateral Aid for Development of Health Program

Multilateral aid for the development of health and social welfare conditions in Southeast Asia has been talked about over the last couple of years but has shown very little evidence of practical development. For this reason, a special effort was made to investigate the current status of this approach and it would be worthwhile to review this process.

On the way to visiting Southeast Asia the Senate team stopped off in Geneva where contact was made with the Indochina Operations Group, the UN High Commissioner for Refugees and the World Health Organizations. Col. Douglas Gill, Chief of Operations, IOG, and Mr. Jean Pierre Hocke, Chief of Operations, ICRC, discussed in some detail the continued function of the IOG. This organization had initially expected to be inoperative after an initial year's function, but finds itself now beyond one year and expecting to have to function for an additional nine months. The IOG was temporarily set up as a combined operation of the International Committee of the Red Cross and the International League. It was set up for strictly emergency purposes since the International Red Cross in effect sees itself as operative only under emergency circumstances. At that point we learned of the virtual dependence upon the IOG for all emergency medical care operations in the country of Cambodia and this subject is taken up in more detail under the discussion relative to the country of Cambodia.

The IOG does not look upon itself as extending indefinitely in its operative approach into the future and is looking to be relieved by some other kind of international emergency operative entity.

We also met with the UN High Commissioner for Refugees, Sadruddin Aga Khan, who discussed in some detail his plans for the initiatation of a greatly enlarged and strengthened refugee relief program for the Indochina Peninsula. I was particularly interested in the nature of the medical care support that the UN High Commissioner for Refugees would anticipate and he indicated that they were cognizant of extensive medical care needs possibilities and that they would call freely upon WHO and UNICEF to assist them in this regard. They felt that there was a good past history of cooperative activity between these three arms of the United Nations and he felt that this would also operate smoothly in the case of Indochina if adequately supported financially by the various nations through the United Nations.

We also met with Dr. Belleride of the World Health Organization in Geneva who again indicated the great willingness of WHO to cooperate in a joint venture with UNICEF and the UN High Commissioner as indicated to meet refugee and general humanitarian needs in Indochina. Dr. Belleride, however, indicated that the functional structure of WHO was such that all operations must of necessity emanate from the Southwestern Pacific Office located in Manilla, The Philippines.

It is important at this point to review briefly the nature of contacts with various UN officials in Indochina, itself.

Upon arrival in Bangkok, Thailand, we met with Mr. Mace, the Deputy to the UN High Commissioner for Refugees who had just completed a short tour of South Vietnam at

the request of the UN High Commissioner for the purpose of program development. We were briefed concerning some of his findings and it was indicated to us further the willingness of the Office of the UN High Commissioner for Refugees to be cooperative with the United States in terms of developing multilateral support for relief. It was also indicated to us that they were hopeful of having operative programs underway by October of 1974.

Our next interface with UN officials was at a luncheon in Saigon held by Mr. Pierre Sales. Present at this luncheon were Mr. Paul Nelson, Social Development Advisor for UN, Mr. Jean Jacques Deschamps, UNICEF Program Officer sitting in for Mr. Ralph Eckert, and Dr. Richard Coppedge, WHO Representative *ad interim* and Project Manager for the National Institute of Public Health Project. At this luncheon we again broached the subject of multilateral approach through the UN and specifically utilizing three components of the UN, namely, UNICEF, WHO, and UNDP, in addition to the good offices of the UN High Commissioner. The conversation indicated that there was strong acceptance of this approach. There had obviously been some contact between Geneva and the UN officials with whom we lunched, indicating that as a result of our recent visit to Geneva there was developing a feeling of agreement there, as well.

At yet a later luncheon held by Dr. Richard Coppedge, I had an opportunity to speak directly with Dr. Dy, Director of the Southwestern Pacific Section of the WHO. Dr. Dy was the last cog in this wheel and he indicated that it was his policy and that of the Southwestern Regional Office of WHO to strongly support health and humanitarian developmental programs and that they were giving special preference to the countries of the Indochina Peninsula recently set back by the ravages of war. He was agreeable to the multilateral approach which would allow the enlargement and development of programs by WHO and indicated that all that was necessary was that the specific country make a formal request for this assistance and that the WHO would be more than willing to respond.

Elsewhere in this testimony Mr. Wells Klein will enlarge upon conversations which he had with the UNICEF people in New York City, but I think it is safe to say at this point that there was no lack of agreement at any point and in fact it would be safe to say there was nodding enthusiasm as we continued to pursue the subject of multilateral support through the UN throughout our trip. Mr. Chairman, I am convinced that the proper initiative exerted at this point would receive immediate response by the four agencies which we interfaced with from the United Nations.

CAMBODIA

Only three days were spent in this sad and beleaguered country, allowing but a minimum of information gathering. In addition very little prior information is documented regarding the function and organization of the health care system.

The problems of Cambodia are vastly different from those of Vietnam though they share the common denominator of war. These differences are:

1. *No prolonged U.S. military presence*

Much of the progress underway in Vietnam was an unplanned by-product of U.S. military presence. This along with planned medical support not only of the military but of necessary of the civilian side of medical care resulted in a strong infusion of Western know-how, not just into the medical-technical armamentarium of Vietnamese medicine, but also into the organizational, structural, and educational aspects of the medical care system. All of this was supported over the last 8 years with a vast input of American dollars. The latter albeit disproportionately small compared to dollars sunk in direct military aid, nevertheless in the setting of Southeast Asia this represented a major quantum jump.

Much can be said in criticism of the lack of planning as much of the early U.S. input into medical care development occurred. This obviously came about as a result of U.S. objectives which were not initially designed to help the Vietnamese medical care system. It would be interesting to study the amount of waste in humanitarian terms of this investment of U.S. know-how and dollars resulting from the preoccupation with military concerns.

Cambodia is certainly blessed in that the magnitude of destruction that would have accompanied a U.S. military presence did not occur. At the same time, however, there has been no spin-off of U.S. know-how and dollars into the modernization and upgrading of her medical care system which finds itself swamped by combined demands of a growing population's day to day needs and the continued added burden of military and civilian war casualties.

2. *Peculiarities of war and geography*

At present there are two major divisions of population and land for which the Khmer Republic finds itself responsible. There is a large urban population in the city of Phnom Penh which has swelled in size over the last four years of war, beginning in 1970, from approximately 700,000 to estimates which are now at least 2 million people. Currently Phnom Penh although remaining isolated is surrounded by a relatively small amount of arable land before reaching a perimeter which is the interface between the two political forces which are currently involved in the struggle for the control of Cambodia.

The second population group is that which exists in the outlying pockets of land which are widely interspersed throughout the eastern and some of the southern part of the land of Cambodia containing the remainder of the 80% of the population of this country. The total land controlled by the Khmer Republic is about 20% whereas the population controlled is about 80%.

This separation betwen the central government and its resources in the capitol city and the remainder of the country in outlying pockets which are inaccessible much of the time by ordinary means creates an insurmountable logistical problem relative to any concerted health care effort which the Cambodian government, using their current resources, might be able to overcome.

The few reports which we have been able to evaluate through U.S. government sources or through those of the United Nations have almost invariably dealt with the city of Phnom Penh and have not at all divulged any information relative to the outlying areas wherein perhaps two-thirds of the population of Cambodia now resides.

Our team was lucky in being able to visit two of these outlying areas, one at Kompong Thom and the other at Kompong Chhanang. The latter area had been the site of a major battle involving some 16,000 troops only four days prior to our arrival and we had an excellent opportunity to see the impact of war casualties on a badly divided and poorly developed medical care system. Kompong Chhanang is a provincial capitol which has a provincial hospital.

The provincial hospital was visited and we had the opportunity to see the Swedish surgical team which has been stationed there since 4 March 1974. The surgical team works under the direction of the Cambodian staff leadership and consists of one surgeon, one operating room nurse, one nurse anesthetist, and one intensive care nurse to maintain postoperative care for surgical patients. In the period of time since the surgical team has been present they have admitted 129 surgical patients and done 171 operations. During the early period up through May war activities in the area were at a low level and the major portion of the surgery was relative to assistance of civilian medical care needs, both of an acute nature as well as cases of longer standing status.

Since the beginning of June, however, there has ben a steadily increasing amount of war activity in the area and since the 10th of June only acute war injuries involving both civilians and military personnel have been handled by the surgical team. No civilian activities have been allowable and all of their surgical beds have been totally filled. In addition to their surgical activities the team has undertaken the training of Khmer nurses, working in tandem with other nursing personnel on the surgical team such that they might ultimately take over these responsibilities.

Had it not been for the presence of the Swedish surgical team it is estimated that at least 80% of the surgical cases handled since the beginning of increased hostilities on the 10th of June would have had to go to the hospitals in Phnom Penh. It is important to note that this, likewise, is some what of a logistical problem since it is impossible to transport other than by means of airplanes and there is some question as to the nature of the survival of many of these patients had such an evacuation been necessary.

A second point to be made in this regard is that the conditions in the hospital of Kompong Chhanang appeared to be considerable better than those seen in two of the major hospitals in Phnomh Penh. The staffing was considerably better, primarily because of the presence of the Swedish team in the provincial capitol, whereas in the capitol city of Phnom Penh, physicians were in exceedingly short supply, having to divide their time between their private practices and the governmental practice which is carried out in several hospitals of the capitol city. The exceedingly small amount of pay given by the government for the latter activity requires almost all physicians te spend the overall majority of their time in their private practices and, as a consequence, large numbers of patients appear to be receiving minimal or no care under exceedingly overcrowded and unsanitary, literally filthy, conditions.

3. *Problems of nutrition*

Again, the problem is divided into two major components: first are the nutritional problems of the capitol city, Phnom Penh, and secondly are the problems which are to be found in the outlying provinces.

Since April of 1974 at the establishment of the Resettlement and Development Foundation, there has been notable activity in some of the outlying provinces relative to the reclamation for agricultural purposes of land. We had an opportunity to visit such a site in the area surrounding Kompong Thom where there is underway the cultivation of 5,000 hectares of rice. We were given an interesting briefing by the provincial military staff, indicating how they had maintained a sufficient perimeter around the provincial capitol of Kompong Thom within which active cultivation of rice has been made possible.

Much of the land under cultivation in this area is virgin land and it is expected that these early crops will be of high yield although replanting will necessitate the utilization of fertilizer which is in exceedingly short supply, not only in this country but in the world market. The cooperative efforts between the AID staff and the governmental staff of the Khmer Republic and local officials has been exceedingly good.

In addition, cattle raising is underway at an increased level as is the harvesting of fish which are in exceedingly good supply in

nearby streams. In addition, a significant program to supplement the feeding of infants with milk was observed. The Catholic Relief Society has established several of these units throughout the area which works in conjunction with the mothers of the children involved and successfully distributes large quantities of milk which is obviously a needed food supplement. Nursing traditionally at the breast occurs for a period of about three years in this society, but the borderline nutritional status of the mothers seriously compromises the amount of milk available to the infants. The CRS supplemental feeding program has not worked to discourage breast feeding but is given as a supplemental nutritional assistance.

It should be noted at this point that nutritional deficiency is exceedingly widespread in Cambodia. Although it was seen to exist to some extent in the provincial areas of Kompong Thom and Kompong Chhanang and in this instance primarily in the first three years of life, it was nowhere as nearly dramatically seen in these rural areas as it was in the city of Phnom Penh. Large numbers of children in Phnom Penh are currently suffering severe nutritional damage. The government has been unable to respond to these nutritional needs which have been primarily accentuated by the swelling population of this capitol city.

An opportunity to chat with some of the staff of World Vision gave us an opportunity to hear about some of their supplementary feeding operations in the city of Phnom Penh. They have identified as the major medical care problem in children, in particular, malnutrition. There are occurring on a regular basis distinct clinical cases of kwashiorkor and it was the distinct impression of these physicians that other effects of nutritional deficiency were becoming widespread, relating to the growth and development of the children in general as well as in such areas as crippling of the immunity protection system.

In addition we were given information to indicate that the steadily increasing price of food within the capitol city of Phnom Penh which is related to a rampant inflation is such that the number of malnutrition cases is bound to increase since more and more people will find it more and more difficult to purchase high protein foods. It should be indicated at this point that USAID activity in Cambodia has been directed toward relief of the food deficiency problem. 40% of the rice land which is potentially arable is now lost because of military action. This has led to the important through USAID of some 40 million tons of rice per year.

A considerable problem exists, however, in the distribution of this rice which can be transported up the Mekong River to Phnom Penh but distribution out of Phnomh Penh to the surrounding provinces is considerably problemmatic since railroads and highways have been cut and until recently the Tonley Sap have remained closed.

The cost of living over the past year has increased some 300%. The cost of meat, alone, has doubled since December (1973) and even the price of vegetables is considerably on the increase.

It is estimated that approximately half of the war refugees of the country are currently in Phnom Penh and estimates range as high as 1.2 million people being in this category. Approximately ⅔ of the refugees in Phnom Penh are cared for by their families or some official program, according to USAID estimates. The other ⅓ refugees are dependent primarily upon the voluntary agencies, an estimate of the number being cared for in this regard currently being approximately 388,000.

The USAID rice supplementation program should be reviewed in some detail since it is beset by a number of problems relating to world trade costs and legal entanglements relative to United States law and regulations.

4. *The organization and function of the medical care system*

Within recent weeks a new Health Minister has been installed in the person of Dr. Kim Vien. Dr. Kim Vien is a young, energetic cardiologist who is dedicated to the updating and modernization of the medical care system of his country. The following problems were identified as currently coming under his perview for special attention:

(1) The shortage of hospital beds:

Dr. Kim Vien indicated that there were approximately 7 million people in the entire country including approximately 2 million who live within the city of Phnom Penh. For this entire population he estimated the existence of perhaps 9,000 beds, including military beds, with a total capacity using the halls and other space within hospitals to bed down approximately 10,000 people. This leaves us with a figure of approximately 700 persons per bed and this, along with the fact that the average length of stay of patients is estimated to be considerably longer than in the United States, creates a considerable problem. The Health Minister is anxious to undertake studies to arrive at an equitable estimate of beds and distribution of these beds in various institutions that would be ideal for his country.

(2) supply shortage:

Cambodia is considerably beset by the problem of the shortage of medicine, equipment and other kinds of medical supplies that would be necessary to operate an up to date medical care system. Dr. Kim Vien indicated that currently some medicines and supplies were coming through the International Red Cross and through gifts from other countries, however, again, he does not have the means for accurately recording this input nor estimating the need, overall, for the country. He feels that the lack of medical supplies and of hospital beds is most severe in the capitol city of Phnomh Penh and although present in the outlying provincial areas is not as acute.

My observations in Kompong Chhanang and Kompong Thom would tend to confirm the Minister's impressions. Dr. Kim Vien is much aware of the fact that medical care problems of the capitol metropolitan area are considerably different from those of the outlying provinces. He has identified the capitol area's problems as they relate to nutrition, availability of medical care personnel, and environmental and public health problems being of primary importance.

At the same time he feels that the major problem in the provincial areas is the accentuation of their normal baseline medical care problems by the war situation. This overloading by the war of the provincial areas has received little assistance from the outside world and it is important to note that if it were not for the Indochina Operations Group (IOG) outside assistance would be virtually nonexistent. There are at present 7 medical teams functioning under the auspices of IOG in this country but it is obvious that the widely scattered pockets of warfare in the provincial areas dictate the need of much more assistance on a short-term basis than the 7 medical/surgical teams currently in that country can provide.

(3) Planning and budgeting for the development of a national health program:

It was indicated that approximately 2.8% of the national budget is currently going into health care. In 1973 this amounted to 1,036,-006,700 Riels out of a national budget of approximately 48 billion Riels. Dr. Kim Vien indicated that his current studies lead him to desire to triple the amount of the national health budget for 1974 and that he felt that he could justify an increase of the health budget to a sum which would equal approximately 10% of the national budget.

This matter is currently under debate before the national legislature and the Health Minister was hopefully that he would at least be able to double the health budget over the amount of last year. He pointed out the fact that the increasing cost of fuel alone was creating considerable problems for their health care system, especially in regard to any development or support of the health care system outside of the capitol city of Phnom Penh.

When asked what sort of cost figure could be applied to meeting the current overall needs of the nation relative to the health care system, he stated that it would amount to approximately 16 billion Riels. Taking into account current input from the government of the Khmer Republic as well as outside input through voluntary agencies which might total as much as 4 billion Riels, one would still have a deficit of approximately 12 billion Riels in terms of what is envisioned as necessary to develop a significant operative health care system in this country under current monetary conditions.

Recommendations

1. MOH Support Operation

a. AID and multilateral funding.

b. Full survey of medical care system and resources (American University Medical Center team).

(1) Phnom Penh.

(2) outlying provinces.

c. Development of MOH Medical Care Planning Operations Group—U.S. input (University Medical Center, APHA and WHO).

(1) short term development plan—

Prop up baseline civilian medical support needs plus added war casualty input through (a) expansion IOG teams for present, (b) later development of international medsurg teams via UN auspices—UNHR, WHO & UNICEF.

(2) long term development plan—

(a) consultative input and backup of MOH and its outlying subdivisions—multilateral organization (UN)—U.S. input (University Medical Center, APHA and AMA (educational)) WHO input—various other national consultative inputs.

2. U.S. Commitment of Foreign Aid Funds Via Multilateral Channels (UN)

a. Training and education of medical and allied health personnel.

b. Development program for district, village and hamlet medical aid teams and facilities.

c. Supplies and equipment and logistics system for maintenance and distribution.

d. Develop MCH program to include—family planning, nutritional supplementation, midwifery program development, and health education, immunization.

c. Emphasis on development of a national, aggressive environmental and preventive health program.

SERMON BY DR. FELTHAM S. JAMES, AT THE PATRIOTIC AND MEMORIAL SERVICE OF THE AMERICAN LEGION DEPARTMENT CONVENTION IN CHARLESTON, S.C., ON JUNE 30, 1974

Mr. THURMOND. Mr. President, a sermon I recently heard by Dr. Feltham S. James, chaplain of the Aiken County Hospital in Aiken, S.C., has been sent to me.

The sermon, entitled "Patriotism" is an inspired message which I would like to share with my colleagues. His sermon reminds us of the pride we should all feel toward our great Nation.

Dr. James has been the chaplain of the South Carolina Department of the Amer-

ican Legion and also past National chaplain of the American Legion. He is an individual who is not only an able chaplain but also a most dedicated and patriotic American.

Mr. President, in order that all members of the Senate may share in this message, I ask unanimous consent that the sermon by Dr. James be printed in the RECORD at the conclusion of my remarks.

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

PATRIOTISM

(By Feltham S. James, D.D.)

(Holding a small United States flag.)

Let us listen as someone has given voice to this flag:

"Remember me? Some people call me Old Glory. Some call me The Star Spangled Banner. Whatever you call me, I am *your flag*.

"But lately something has been bothering me about you and me. I remember when you used to line the streets to watch a parade and when I came by you stood straight and removed your hat or placed your hand over your heart.

"What has happened? Oh, I have a few more stars and a lot of blood has been shed—but somehow I don't feel as proud as I used to. Now, when I come down the street, you just stand there with your hands in your pockets. I may get a small glance and then you look away.

"Is it a sin to be patriotic any more? Have you forgotten what I stand for? Have you forgotten where I have been—Anzio, Guadalcanal, Korea, Vietnam? Take a look at the Memorial Rolls sometime—the lists of those who never came back in order to keep this republic free—One Nation Under God.

"Remember me? I am your flag—the flag of the United States of America. I am the symbol of a great nation which has endured for two hundred years, a nation whose government has survived longer than any other nation save one—England—another Christian nation."

What has happened? That's what I want to talk with you about.

Edith Hamilton, a world authority on the civilizations of Greece and Rome, has said: "Is it rational that now, when young people may have to face problems harder than we faced . . . we are giving up the study of how the Greeks and Romans prevailed magnificently in a barbaric world; the study, too, of how that triumph ended, how a slackness and softness finally came over them to their ruin? In the end, more than they wanted freedom, they wanted security, a comfortable life, and they lost all—security and comfort and freedom."

As we look upon our country today, we must admit that there seems to be a slackness and softness coming over the peoples called American. Would one reason for this be that we have gradually lost our sense of honest, informed, intelligent, realistic love for Country? Have we lost our Ethnocentrism?

You know, big words always fascinate me. Some people have the idea that the ability to use big words is the mark of an educated man. I don't know about that but here is a big word for you. Ethnocentrism. It is a word that sociologists use every once and awhile to show that they are educated. Enthocentrism is the belief that one's own race, culture, or religious group is better than all other groups. It is a universal belief. The early Hebrews called themselves the "chosen people." In the golden age of Greece, the Greeks regarded everyone excepting themselves as barbarians. One tribe of Indians called themselves "the Navaho," meaning "the people." Hitler tried to get the Germans to believe that they were the "pure race,"—the "Master race." The Japanese regarded themselves as superior to other Orientals. Russia is becoming increasingly proud of her culture. Have we in America lost our ethnocentrism—our pride in our Country?

In his monumental history, "The Decline and Fall of the Roman Empire," Edward Gibbon stated the reasons for the catastrophic collapse of mighty Rome. Listen to them: the rapid increase of divorce; belittling the sanctity of the home; higher and higher taxes while the public money was being wasted; a mad craze for pleasure, which became incerasingly exciting and brutal; gigantic armaments for war, while the nation decayed internally; and the decline of religion, with faith fading into mere form. Do these sound familiar? As the saying goes—"they killed the goose that laid the golden egg." Are we killing the goose that laid the golden egg by retrograding love of country?

We have cared more for security and comfort than we have for freedom, the real thing for which America came into being. And as a consequence, the once honorable concept of patriotism has fallen under suspicion.

Indeed, in some circles, patriotism is not only considered as old fashioned and out-of-date, it is actually un-Christian. The person who sounds a note of patriotism is an extremest, a square, a person to be watched—because he is dangerous both to the modern concept of government and to religion. The oft repeated idea that Christianity is supranational and therefore is not concerned with any given form of government, to my mind is a little over-worked. Even more than that—I think it is false. After all, the Christian faith is not an abstraction. It is nothing, if it is not incarnate. It takes residence in the minds and lives of men. It affects every department of life, including government. To hold that it does not matter under what political arrangement, free or slave, Christianity lives is a most difficult position to defend. Only the ultra liberal, with his twisted mind, can portend such reasoning.

Christians in America cannot be aloof and indifferent to the defense of a free government. Neither can members of The American Legion. I am sure that you realize that we are at a critical juncture in history. And the fate of mankind for centuries is inevitably linked with the fate of freedom in America. The Christian and Jewish peoples of America should be committed to genuine love of Country and dedicated to the principles of Constitutional government upon which this nation was founded and by which its spiritual values are protected.

It is a superficial judgment which excuses our responsibilities as Christians or Jews by saying that ours is now a pluralistic society, that now we have many other religious groups. With due regard to our hospitality to other faiths, this nation was founded on Christian principles, and is—or was—guided by Christian ideals—a fact to which all Christians, and most others, owe a profound debt of gratitude.

Oh, I am aware that there are those who hold that world conditions today demand that the United States surrender her sovereignty in the interest of the world community of nations. We are told that patriotism is out of date. We are told that it is actually an impediment to the sweeping revoluntary movements of our age. I assure you I am not of that group.

I don't know about you, but I think ideas like that underscore the need for a new sense of national purpose in the United States of America—a revival of ethnocentrism. Our own survival as a free nation now becomes the most important contribution Americans can make toward the future freedom upon this earth. We should know by now the futility of depending upon mutual aid pacts or summit talks when the chips are down. We should know that a workable world organization or agreement depends upon a common moral foundation. If this does not exist in the United Nations, and it does not, how can it possibly exist in some non-existent world agreement or organization. The surrender of Americn sovereignty to such a mirage is utterly unrealistic.

My hope and prayer is that Americans are beginning to see that we cannot buy allies in this titanic struggle. Too often we compromise our own position in that process, and too often our foreign aid money goes to perpetuate a feudal system, as well as to line the pockets of the rulers and men of high places in those countries. The truth has come out that much of our foreign aid money is used against us. But, I believe we can win allies to our side if, instead of always backing down, we stand up to the Communist bluff.

We have been so afraid of being charged with blind enthusiasm for our Country's military glory that we have taken a dim view of even a sane and solid love of Country. This lofty attitude has backfired. The truth is that our advocates of internationalism have downgraded the idea of nationalism to the extent that it has been thought patriotic to be unpatriotic.

This is so unfortunate and so unnecessary. For there is a spiritual quality and content to the American idea and story of which none of us need to be ashamed in the current world market of shifting values. It is given to us to be the custodians of a heritage of faith and freedom that entered the stream of history in the West at the time of the American Revolution. We don't have to be vigilantes to preserve and perfect it—but we do have to be vigilant. The revolution has not yet been spent. The truth of the matter is that the American Revolution for human freedom is the only thing today that is really new. So new that the enemies of freedom are still fighting it—not on the open battlefield but from within.

I tell you we in America are up against a problem. The problem of protecting ourselves from the surreptitious tactics of those who would have us commit suicide by using our own strength to destroy the very things which are responsible for our strength. Oh, no, the Revolution is not over. It brought into being many of the very things now sought by other countries. Thus, in a very real sense, it is America that represents the wave of the future.

We should not be so apologetic and timid about telling our story, for it is the story of human achievement without parallel in history. It is the story of what political and economic freedom, coupled with faith in God as sovereign, and with freedom of worship, can do in a country with no more material resources than many large nations in which poverty, misery and tyranny go hand in hand with pagan faiths and totalitarian rule. It is the story of a people whose rights to life, liberty and the pursuit of happiness are guaranteed, not as a gift of the state, but by the Eternal God.

With all our imperfections, and we have many, Americans and Christian Americans, need not be ashamed of what we have and what we offer to the world. Basically, they are far more significant in value than crops or bathtubs or automobiles or even moon flights and space stations.

Behind and beyond our high standards of living, we may be humbly proud of such things as our free press and the secret ballot; of our care for the sick and our growth in art, music, literature and medicine; of our generosity and tolerance of conflicting ideas; of active, free serving churches; of our respect and care for the aged and children; of our sense of justice and guarantee of trial by jury; of our fair play in human relations and our remarkable progress in race relations; of

our voluntary charity for the poor; of the opportunity afforded the least to develop his best. These and many other values of the same spirit are a precious part of our heritage and culture as Americans. Ours has been a unique role in the history of mankind.

It is not out of date to be proud of these things and to seek to perpetuate them in the minds and the hearts of our youth. It is not out of date to be patriotic.

(Again holding the small American flag)—Old Glory—here she is! As she spoke to us in the beginning, so let us speak to her now in the spirit of June Black:

"Your beauty is breathtaking—such colors and graceful lines! Your floating movements; the lumps you bring to the throat, and the vision of thousands upon thousands of strong and able men who have given their very lives for your protection and all that you stand for.

"Here you are—Old Glory in all your splendor. Old Glory, the fairest of them all and we weep without shame. Tears of pride are the cleansers of the soul—or, are they tears of gratitude and thanksgiving for the privilege of living in the land you represent?

"You are the godchild of our forefathers who became the maiden of their dreams. You are the essence of hope that brings those from other shores to kneel at your feet. You are the goddess who provokes your lovers to battle for your purity. Strong and burley men doff their hats to you. Children stand to salute you in classrooms across the country. Great composers have written beautiful songs in your honor. You compel men to acts of bravery, to a strength unknown even to themselves.

"You stand high and proud in the village square and hang your head in mourning when one of your great admirers finishes the life he has devoted to you.

"You are the land of the free and the home of the brave. May you ever be carried with a determined but gentle hand and be a light-house to the world.

"Old Glory—a banner of pride, a symbol of peace and hope for the United States of America and for the free world.

"Old Glory—may you long endure!"

WOMEN IN THE SERVICE ACADEMIES

Mr. KENNEDY. Mr. President, the Senate last December passed S. 2771, revising the pay bonus structure of the services, with a section introduced by Senator HATHAWAY permitting women to be admitted to the service academies, a provision that I supported. That amendment was cosponsored by Senators MANSFIELD, STENNIS, JAVITS, and THURMOND.

However, the House struck that section before passing the bill in March. The Senate reluctantly agreed to eliminate that amendment before passing the conference report, with the understanding that the House Armed Services Committee was immediately to begin hearings on similar legislation.

The House has been holding subcommittee hearings on this issue, with at least six bills involved. In the meantime, numerous Senators also have added their support for the admission of women in the service academies.

I have sent a letter to Secretary of Defense Schlesinger, urging him to have the military service academies accept women candidates, an action which immediately would provide this opportunity to women.

The Merchant Marine Academy has accepted 15 women candidates this year, and there is no acceptable reason why the military academies, as well as the Coast Guard Academy, cannot do the same.

I ask unanimous consent that my letter to Secretary Schlesinger, as well as several news items pertaining to this issue, be printed in the RECORD.

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

JULY 15, 1974.

Hon. JAMES R. SCHLESINGER,
Department of Defense,
Washington, D.C.

DEAR MR. SECRETARY: Last December the Senate passed legislation introduced by Senator Hathaway permitting women to be admitted to the Service academies. That amendment was cosponsored by Senators Mansfield, Stennis, Javits, and Thurmond.

The House of Representatives is now holding hearings on this issue, involving at least six bills.

Meanwhile, Senators Scott and Dominick have also added their support for admitting women to the Service academies.

The time has come when we should end the arbitrary discrimination against American women who wish to serve our country, not only in the enlisted ranks of our armed forces, not only in the Reserve Officer Training Corps, but also in our Service academies.

A recent U.S. District Court decision upheld the traditional view of the Services that academy training is for combat duty only. But this decision is not supported by the facts as I understand them. Only fifteen percent of Army officer positions are combat-related. Women officers could easily serve in the remaining eighty-five percent.

Women are accepted in R.O.T.C., which certainly prepares officers for combat, and women now comprise about ten percent of Army R.O.T.C. enrollment. Furthermore, there is no statute prohibiting the Army from assigning women to combat duty. It is merely Army policy which excludes women from combat roles, just as a decision by the Secretary of the Army could permit qualified women to enroll at the Military Academy.

Under Section 6015 of the United States Code, women serving in the Regular Navy and in the Regular Marine Corps cannot be assigned to duty in aircraft engaged in combat missions or to duty on vessels of the Navy other than hospital ships and transports. But these assignments amount to only thirty percent of Navy officer billets. Women Naval Academy graduates could certainly serve in the remaining seventy percent of Navy officer assignments, and a decision by the Secretary of the Navy could allow women candidates into the Naval Academy.

Under Section 8549 of Title 10, United States Code, female members of the Air Force, other than medical personnel, cannot serve in aircraft engaged in combat missions. But combat pilots, navigators/observers, and missile operators represent only thirty-eight percent of Air Force officer positions. Women Air Force Academy graduates could certainly serve in the remaining sixty-two percent of Air Force officer positions, and a decision by the Secretary of the Air Force could allow women into the Air Force Academy.

I greatly appreciate the Department of Defense's intention to increase the number of women in the Armed Services, particularly in the officer ranks. I also appreciate the broader range of functions that the Services are now opening to women. Allowing women officers to study in our nation's military academies seems to me to be the next logical step.

I am sure that you agree that American women are entitled to equal treatment under our Constitution. In denying them the right to serve their country through the training offered by our military academies, the nation is losing a valuable resource of dedication and talent.

Women desire to enter the Service academies for the same reasons as young men: to pursue a military career, to continue a family military tradition, to be pilots, or to study in the academies specialized departments. Above all, they would like the superior academy education which will give them superior job and career advancement opportunities within the military. Service statistics show that academy graduates, as opposed to R.O.T.C. graduates, rise higher in the rank and pay scales.

If women are trained as officers in the R.O.T.C. programs—which provide an even greater number of military officers than the academies—there is no legitimate reason why they cannot be allowed to do their officer training at the academies if they are qualified. Moreover, women officers attend all of the Service War Colleges, which are at the highest level of Service education, preparing officers for general and admiral rank; yet there is no objection that War College education is only for combat duty.

The primary reasons given for not allowing women into the Service academies appear to be based on a reluctance to change tradition, and they are inherently discriminatory This conviction has been reinforced by the recent exception made to allow a Laotian general's son to attend West Point Military Academy. The argument raised against permitting women to enter the academies is that such training is for combat duty. In the case of this Laotian, taxpayers' dollars are being spent to train someone who will not even serve in the American military, whether in a combat status or not.

At a time when all of the Services are coming to recognize the value which women can bring to correcting the Volunteer Army's deficiencies with regard to quantity, quality, and social representativeness, the Service academies should immediately be opened to women candidates. This can be done by internal Service regulation. The Merchant Marine Academy, under the Secretary of Commerce, already receives women applicants. The Coast Guard Academy, under the Secretary of Transportation, and each of the Services can similarly change their policies.

I therefore urge you to use the authority you have to permit women officer candidates into our Service academies. Such a change in internal Service policy would expedite the process and obviate the need for legislation mandating female entry into the academies. Above all, it would provide an example of Defense Department leadership in the area of equal opportunity for which the country would be grateful.

Sincerely,

[From the Congressional Quarterly]

MILITARY ACADEMIES: SHOULD THEY ADMIT WOMEN?

Hearings—House Armed Services Subcommittee on Military Personnel May 29, June 4, 12, 18 and 19 on bills to authorize women to attend U.S. service academies.

The Army, Navy and Air Force sent high-ranking officers and civilians to the hearings to defend one of the military's last strongholds of male exclusivity—the three academies that have traditionally produced the services' elite officer corps.

The witnesses argued that the U.S. Military Academy at West Point, N.Y., the Naval Academy at Annapolis, Md., and the Air Force Academy at Colorado Springs, Colo., existed to turn out combat-ready officers, and that women were and should remain legally exempt from combat. A federal district judge

in Washington, D.C., unheld that contention June 19, rejecting two suits brought on behalf of female applicants to the academies.

House members who testified in favor of admitting women dismissed the combat argument as a smokescreen used to obscure the military's resistance to change. Women were joining the services in record numbers, the members said, and there was no excuse for denying them educational opportunities open to men.

BACKGROUND

The subcommittee's hearings were the result of a promise made by Armed Services Committee Chairman F. Edward Hébert (D La.) in March, when the House was considering a bill (S 2771—PL 93-277) to improve the military bonus system. The Senate had passed the measure Dec. 20, 1973, after adopting by voice vote an amendment authorizing women to attend the academies.

The amendment was offered by William D. Hathaway (D Maine), and cosponsored by Majority Leader Mike Mansfield (D Mont.), Strom Thurmond (R S.C.) and Jacob K. Javits (R N.Y.), Javits had nominated a woman to Annapolis in 1972, and made a public issue of her rejection. Even Senate Armed Services Committee Chairman John C. Stennis (D Miss.)—usually a traditionalist in such matters—gave his blessing to the Hathaway amendment.

But a House Armed Services subcommittee chaired by Samuel S. Stratton (D N.Y.) struck the amendment from the bill, saying it was not germane to bonus pay and that the issue needed more study. The full committee upheld that decision Feb. 28 on an 18-16 vote.

When the measure came to the House floor March 18, Patricia Schroeder (D Colo.), an advocate of the Hathaway amendment, charged that she and two other Armed Services Committee members had been denied a chance to vote on the issue in violation of committee rules.

They arrived after the vote had been taken but while the committee was still in session and they asked to vote, Schroeder explained. After one member voted, making the tally 18-17, she said Hébert ruled that none of the tardy members could record their votes after all. The committee's report (H Rept 93-857) listed the final vote on restoring the amendment as 18-16 against.

She had planned to offer the amendment on the floor, Schroeder added, but the bill was brought up under suspension of the rules, a procedure that bars amendments. It passed by a 237-97 vote, with 13 of the 16 women members of the House opposed. (*Vote 57, Weekly Report p. 779; story, p. 784*)

Hébert insisted there was "nothing irregular, nothing sinister" about his handling of the matter, and promised to hold hearings on the issue. Stratton said he was personally in favor of admitting women to the academies, but that the bonus bill was "simply not the proper vehicle."

Otis G. Pike (D-N.Y.), another committee member, accused Hébert of stalling. The military could have opened the academies "at any time in the last 10 years or any time this year," Pike said, "but they have never done it and will not do it."

Senate conferees agreed "reluctantly" in April to drop the Hathaway amendment, noting Hébert's promise of hearings. (*Weekly Report p. 1134*)

On June 3, Hathaway, Thurmond, Javits and Mansfield introduced an amended version of their bill (S 2351) to authorize women at the academies.

Military: opposed

"The issue is not whether women should become cadets at West Point; the basic question is whether Americans are prepared to commit their daughters to combat," Gen. Frederick C. Weyand, Army vice chief of staff, told the Military Personnel Subcommittee June 19. "I am not prepared to do that. And I believe that is the sentiment of the majority of Americans."

LEGAL RESTRICTION

The position adopted by Weyand and the other military witnesses was spelled out in an April 26 letter to Hébert from Deputy Secretary of Defense William P. Clements. The primary purpose of the academies was to train combat leaders, Clements said, and women were barred from combat by law and custom.

He cited two legal restrictions. One prohibited Navy women from serving on aircraft "engaged in combat missions" or on vessels other than transports or hospital ships. The other barred female members of the Air Force from duty on aircraft "engaged in combat missions." In both cases, medical personnel were exempted from the restrictions. Army policy also opposed female combatants, Clements said.

"To be effective and worthwhile, any program of admission of females would have to envision substantial numbers," he wrote. "To do that and to reduce the attendance of males proportionately would work serious harm to fleet and combat units and other activities which have an increasing demand for academy graduates."

Admitting women also would increase costs because new facilities and courses would be needed, Clements added.

LAW SUITS

Judge Oliver Gasch of the U.S. District Court in Washington, D.C., upheld the military's position June 19. Gasch rejected two suits filed in September 1973 by two Democratic House members from California, Jerome R. Waldie and Don Edwards, on behalf of women constituents who wanted to attend the naval and air force academies.

Attorneys for the women asked the court to rule that the military's refusal to consider their applications deprived them of equal rights in training, employment and career advancement in the military, and that Edwards and Waldie were therefore denied the chance to exercise their nominating authority fairly. The laws on women in combat did not preclude women from attending the academies, the attorneys argued, because training for many other positions was also offered.

Gasch ruled that there was a "legitimate government interest" in denying women admission: "the preparation of young men to assume leadership roles in combat where necessary to the defense of the nation." He said laws and customs did prevent women from engaging in combat. Waldie and Edwards were planning to appeal the case.

EQUAL OPPORTUNITIES

Women in the military have "excellent education opportunities" without access to the academies, Clements argued in his letter. He cited the recent abolition of the sex barrier in Reserve Officers Training Corps (ROTC) programs. The Air Force opened its program to women in 1968, the Army and Navy in 1973.

Martin R. Hoffman, Defense Department general counsel, told the subcommittee June 5 that the department had "undertaken a concerted effort to bring more women into the services in both enlisted and officer roles" by increasing recruitment efforts and opening new fields to them.

The number of enlisted women was expected to nearly double between June 30, 1973, and June 30, 1975—from 42,600 to 79,000, Hoffman said, and the boom was likely to continue after that. The trend was good news for military recruiters who had been struggling to meet quotas set for the all-volunteer service that began in mid-1973.

"I would contend that no other institution has actually done more—not talked about, but *done* more—to advance the cause of women than has the Army," Army Secretary Howard H. Callaway testified June 19. "We have opened up new job opportunities for women at a faster rate, in fact, than the women are prepared to fill them."

Callaway said 92 per cent of all Army jobs were open to women, the only exception being positions requiring "combat, unusual hazards, or strenuous physical exertions."

WHY WOMEN SHOULD NOT FIGHT

When subcommittee members pressed the military witnesses to explain why women were not qualified for combat, the answers varied. The witnesses cited biological and emotional differences, "the American ethos" and the need to preserve the all-male "Spartan atmosphere" of the academies.

The sole dissenter was Vice Adm. William P. Mack, superintendent of the Naval Academy, who said: "If the law were changed, in my mind women could do anything men could do" at Annapolis. "Having seen some Olympics on television and Billie Jean King (a tennis star), I think there would be many women who could meet the rigorous requirements of the program."

If the combat restrictions were dropped, Mack said, it would be "quite simple" to convert Annapolis into a coeducational school.

A less enthusiastic response came from newly-appointed Navy Secretary J. William Middendorf II, who appeared with Mack June 12. "I'm not very keen personally about having that law changed. . . . I don't want my daughter serving in combat," he said. "But whatever Congress says, we're going to go off and do it."

"We must recognize that combat personnel face the risk of capture by an armed enemy to a much greater degree than do other members of the armed forces," the Pentagon counsel, Hoffman, pointed out. He suggested it would run counter to "the American ethos" to subject women to capture by soldiers from societies "that don't have the reverence for women that we do."

"Admitting women to West Point will irrevocably change the academy," warned Army Secretary Callaway. "The Spartan atmosphere—which is so important to producing the final product—would surely be diluted. . . ." Callaway said the qualities of that "final product" were "mental toughness and physical capacity" and "the strength to endure and the will to persevere."

Lt. Gen. Albert P. Clark, superintendent of the Air Force Academy, cautioned against ignoring "the physiological and biological differences between the sexes and the resulting evolutionary differences in their roles in society. . . ."

"Those who press to inject women into combat roles grossly underestimate the physical, the mental, and the emotional stresses of combat . . . ," Clark continued, and the idea was an offense against "the dignity of women."

In addition, he noted, women officers leave the services at a greater rate than men because they want to have children and run households. If that pattern continued with women academy graduates, he said, "it would be a cost consideration of no small importance."

Except for Charles H. Wilson (D Calif.), who said he could see no reason women couldn't serve in combat, the subcommittee members appeared negative or undecided on the issue. "I'm open-minded," said Chairman O. C. Fisher (D Texas). "I've made no commitment one way or the other. . . . It's an interesting subject."

Marjorie S. Holt (R Md.) thought women should be exempted from combat because of their role as childbearers.

"I haven't had very much experience with women," confessed G. V. (Sonny) Montgom-

ery (D Miss.). "I haven't been married so I don't know how they stand up in combat."

Advocates: for equal rights

"You don't seriously advocate . . . that a woman should be capable of being a platoon leader, do you?" Fisher asked fellow Armed Services committee member Schroeder after she read a statement May 29 favoring admission of women to the academies.

"I don't think there's anything unique about a woman that says that she can't do it," Schroeder answered. "Women aren't asking for any special options."

COMBAT: A PHONY ISSUE

But Schroeder and other congressional witnesses insisted that whether or not women were capable of combat was not really the issue. As she put it: "It's not like everyone from West Point immediately moves into a trench with a sleeping bag."

The contention that women should be excluded from the academies because they could not serve in combat roles was "unmitigated nonsense," New York's Stratton charged May 29. The military's real motivation was bureaucratic inertia and resistance to change, he said. (Schroeder said the U.S. Merchant Marine Academy was one bright spot; its officials agreed to consider women after she wrote to them in 1971).

According to Stratton's figures, 253 of the 834 Air Force Academy graduates commissioned in 1973 were assigned to non-combat roles. For West Point the non-combat ratio was 162 of 899 commissioned graduates, and for Annapolis 19 of 750, he said. Nearly 200 of the 1973 Naval Academy graduates went into nuclear engineering on board submarines, Stratton said.

The military spokesmen defined combat broadly, as any activity in which there was a possibility of enemy attack. But for Stratton, the definition was narrower. "There are an infinite number of very important combat support assignments that women can fill, in the combat zone, without ever having to fire a rifle—intelligence, medical, aviation, auto maintenance, communications, logistics," he said.

Dante B. Fascell (D Fla.) told the subcommittee June 4 he found the Pentagon's stand "inherently chilling" because it "assumes a constant and perpetual state of combat. . . ."

EQUAL OPPORTUNITY

"The point of equity is that if we really intend to open up opportunity for women in our armed services," said Bill Frenzel (R Minn.) June 4, "we can't only open the broom closets, we must open even the inner sanctum, the academies."

"To no one's surprise, as the pay grade goes up, the percentage of academy graduates goes up," Schroeder said. As proof, she offered a Pentagon chart showing the percentage of 1973 academy graduates in each military grade. The percentage of academy graduates in the highest pay grade was 82 for the Army, 100 for the Navy, 50 for the Marines and 29 for the Air Force.

Admitting women applicants would "increase the competition for appointments," Frenzel said, and help alleviate a problem several members brought up at the hearings—a lack of qualified applicants for the academies.

Subcommittee member Charles Wilson mentioned the feeling among some members of Congress that the expense of educating men at the academies was no longer justified. "I can see that thing growing if we keep fighting letting women into the academies," he said. "You cannot . . . give such an expensive, specialized education to one sex and not to the other."

At the request of several senators, the General Accounting Office (GAO) in 1973 began an extensive examination of the academies' costs, attrition rates and academic programs. Members also had expressed concern about reports of widespread cheating and extra-legal punishments at the academies—West Point in particular.

EQUAL RIGHTS AMENDMENT

The proposed 27th Amendment to the Constitution, approved by the House in 1971 and the Senate in 1972, would guarantee that "equality of rights under the law shall not be denied or abridged by the United States or by any states on account of sex." If the Equal Rights Amendment had been ratified by the necessary 38 states, Schroeder said, "these hearings would be moot."

Thirty-three states had ratified the amendment, but two of them later rescinded their actions. The legality of rescinding a ratification remained a matter of legal confusion, so either five or seven more states' approvals were needed by 1979 to add the amendment to the Constitution.

When the Senate considered the amendment March 21, 1972, it rejected by wide margins two amendments offered by Sam J. Ervin Jr. (D N.C.), to protect state and federal laws that exempt women from the draft and combat service. A 1970 attempt at Senate approval of the Equal Rights Amendment failed after the Senate adopted, on a 36–33 vote, an Ervin amendment exempting women from the draft. (*Congress and the Nation Vol. III, p. 509*)

After his 1972 draft amendment was rejected, Ervin offered his combat exemption amendment to "prevent the conversion of Annapolis and West Point and the Air Force Academy into coeducational war colleges," and "to prevent sending the daughters of America into combat to be slaughtered or maimed by the bayonets, the bombs, the bullets, the grenades, the mines, the napalm, the poison gas and the shells of the enemy."

Marlow W. Cook (R Ky.) responded that "combat today may be a lady sitting at a computer at a missile site in North Dakota."

Hoffman, the Defense Department counsel, declined to speculate on what effect the Equal Rights Amendment would have on the academies. But after Congress approved it in 1972, there were reports that the Air Force Academy was making contingency plans for admitting women.

In a taped conversation with Sen. Charles H. Percy (R Ill.) broadcast July 6, the former chief of naval operations, Adm. Elmo Zumwalt, urged the Navy to prepare for "that point when the constitutional amendment is ratified and all laws in contravention . . . will be struck down." Zumwalt added that he could see "no limitations on the managerial or leadership capabilities of women," and "no reason, in principle, why some day a chief of naval operations should not be a woman who has had the opportunity to serve and command at sea and work up through the necessary experiences."

The Military Personnel Subcommittee planned to continue its hearings July 16–18, with testimony from the American Civil Liberties Union, several women's groups, and members of Congress who favored admitting women to the academies.

LAOTIAN YES, WOMEN NO

On June 12 the House passed a resolution (SJ Res 206—PL 93-317) authorizing the secretary of the Army to admit "one person, who is a citizen of the Kingdom of Laos, to receive instruction at the United States Military Academy." The student would pay his own way, and would return to his own country after graduation.

Resolutions admitting several foreign students to the academies each year had usually been a routine matter in Congress, but in 1974 women's rights advocates took umbrage.

"Why should we admit a foreign national to West Point when the Pentagon continually insists that women will waste space in the academies because, unlike men, they will not be trained for combat duty in the defense of the United States?" demanded Bella S. Abzug (D N.Y.).

"I have witnessed on occasion the Pentagon's ingeniousness in twisting official policies to fit political convenience," said Patricia Schroeder (D Colo.) of the Armed Services Committee, "but this must rank among the top."

O. C. Fisher (D Texas), chairman of the Military Personnel Subcommittee, responded that admission of the Laotian student would not deprive any U.S. students of places at the academies, and that the policy was good for our foreign relations. The father of the student in question was "one of the strongest anti-Communist military leaders in Laos," he said.

But Charles H. Wilson (D Calif.), another subcommittee member, charged that the Laotian government was not democratic, and that the resolution was "contrived" after the State or Defense Department made a commitment to the student's father, Gen. Vang Pao.

"A present situation points up" the problem of training students who will serve foreign governments, Wilson added. "With 25 foreign cadets enrolled in our Naval Academy, a number of whom are Latin American, it is ironic to realize that these young men will join those same South American naval forces which are raiding our tuna boats."

The resolution passed on a 294–101 vote, with eight of the 14 women in the House voting against. (*Vote 200, Weekly Report p. 1586*)

U.S. MERCHANT MARINE ACADEMY ADMITS FIRST 15 WOMEN PLEBES

(By Roy R. Silver)

KINGS POINT, L.I., July 16.—Dwight Olsson, a 20-year-old paratrooper entering the United States Merchant Marine Academy today as women were admitted for the first time, said "If they can hack it, I don't care," but one of the women, 20-year-old Della M. Anholt, noted that there were only 15 females among the 985 men in the Academy. "I think 50–50 would be a lot better," she said.

Thomas La Costa of Westfield, N.J., whose daughter, Emily, was one of the new plebes, said: "I'm just wondering whether they're ready for these girls yet."

If all goes well for the Class of 1978, which was welcomed aboard early this morning, 15 women from 10 states will sail as officers of the merchant fleet.

TWO WEEKS OF INDOCTRINATION

The acceptance of the women, among whom are five blacks and one Chicano, is a first for any of the Federal service academies.

The 348 members of the Class of 1978 will undergo a two-week indoctrination period and a month of general academic training before Acceptance Day on Aug. 31, when the plebes will be administered the Merchant Marine oath and formally accepted into the regiment.

As for the new male plebes and the upperclassmen in summer whites, the feeling about having women in the academy varied from cautious acceptance to "let's wait and see."

Mr. Olsson, a paratrooper from the 101st Airborne Division and a native of Fort Lauderdale, Fla., decided to leave the Army and obtain a degree here. He has made 12 jumps from planes. Speaking of the women, the new plebe said: "I hope they make it." Miss Anholt, of Portland, Ore., who has had two years of college, said, "It's a challenge." She added:

"My father has been in the Merchant Marine for 26 years. It's in my blood, I like to travel and I can't get a better education. I plan to be a deck officer. I don't like to go underneath—the boiler room's too hot."

Among the women appointees to the academy were two 17-year-old residents of North Valley Stream, Victoria Panuska and Victoria Leignadier. Miss Panuska became part of the new class, but Miss Leignadier elected to go to St. Leo's College in St. Leo's, Fla., where she will major in biology.

After being measured for khaki Bermuda shorts in the tailor shop, the women, who will be called midshipmen, went to their barracks, which occupies the first floor of a dormitory that also houses males on the upper floor.

Graduates of the academy will receive Coast Guard licenses as Third Assistant Engineer or Third Mate, a Bachelor of Science degree and a commission as ensign in the Naval Reserve.

An interested observer was Comdr. George Paterno, the football coach, who was looking for potential players. When asked whether the women were included, he replied: "I'm not supposed to look at the girls."

[From the Christian Science Monitor, April 22, 1974]

WOMEN IN UNIFORM

(By Frederic Hunter)

CAMP PENDLETON, CALIF.—When Mary Johnston graduated from Ohio's Bowling Green State University with a teaching degree, she had real trouble finding a job. She also had debts to pay and a yen to travel. Her mother suggested she join the Marines—and she did.

Now, 2½ years later, she's a first lieutenant. She's marrried to a 27-year old former Marine officer who's finishing a masters degree, and she's living beside the Pacific Ocean a long way from Ohio.

Mary Johnston is one of an increasing number of U.S. women whose survey of the job market includes the armed forces.

"Recruitment is going great guns," says a woman Army officer in the Pentagon. "In fact, the Army has opened a second basic training center for women at Fort Jackson, S.C.

"I don't want to make the Marines a career," comments Lieutenant Johnston. But she's not dissatisfied with the corps. "I might take another three-year hitch," she says.

NO COMBAT ASSIGNMENTS

With young women eager to join up—and young men no longer forced to—the services are expanding opportunities and responsibilities offered women. All but about 48 jobs in the Army now are open to them; restricted jobs involve only combat assignments.

Law prohibits the assignment of Navy, Marine Corps, and Air Force women to combat aircraft and vessels, but on a trial basis the Navy has placed women as "regular swabbies" aboard the Sanctuary a hospital ship.

Even the Marine Corps, that presumed last bastion of male chauvinism, isn't being outdone. Last fall Col. Mary Bane, commander of the 1,700-strong Headquarters and Service Battalion here, became the first woman marine assigned to lead a mixed unit. In addition, the corps has just launched a pilot program to place women for the first time in previously restricted stateside Fleet Marine Force commands.

Women—some 36 of them so far—also have become regulars in the Coast Guard for the first time in the guard's 184-year history. Opportunities here remain highly limited (women now are eligible for less than a dozen "ratings" and cannot be assigned to aircraft or vessels), but they are expanding.

Some 60,000 women now serve in the armed forces, a higher number than at any time since World War II, when more than 265,000 were in uniform. According to last September's figures, the Army employed some 23,000 women, the Air Force, 21,300, the Navy about 14,000; and the Marines 2,500.

Since prohibition was lifted in 1967, five women have attained general officer rank, the most senior being Air Force Maj. Gen. Jeanne Holm.

In August, 1972, the Pentagon announced that it would double the number of women in service to 85,000 by mid-1977, Pentagon sources now regard that figure as a "floor, not a ceiling."

Women join the armed forces for a variety of reasons. Many of those right out of high school are interested in acquiring skills. Others want to get away from home and travel.

Cpl. Kathleen Campbell explains: "In Oklahoma where I come from, people marry, live, and die in the same town. I wanted to do something on my own."

"I came in, frankly, to pay off bills," says Lieutenant Johnston.

Among military men the assumption persists that women join to find husbands. Many of them do. Here at Camp Pendleton, the men-women ratio is 100:1.

"Well," smiles Master Gunnery Sgt. Joan Ambrose, "isn't it nice our men want to marry us?"

Some 15 to 20 percent of service women are married. And whereas pregnancy once brought automatic discharge, waivers now are being granted increasingly to mothers who wish to continue military careers.

[From the Los Angeles Times, April 21, 1974]

MORE WOMEN THAN MEN TRYING TO ENLIST IN NEW VOLUNTEER ARMY

(By Patt Morrison)

So many more women than men are trying to join the new volunteer Army that the Army has raised its standards for women recruits above those for men an Army officer said Saturday.

Brig. Gen. Mildred C. Bailey, director of the Women's Army Corps and one of the Army's two women generals, told a news conference at the Sheraton-Universal Hotel. "It's a matter of supply and demand. There are more women than men seeking to enlist, and even under these standards, we're getting all the qualified women we can handle.

Women who want to become WAC's must have a high school degree or equivalent but men do not.

"What I think has created such a favorable response by women in the past 18 months is the opening up of 434 job classifications to women—all but front-line combat duty," Gen. Bailey explained.

Recent changes in Army regulations on jobs came about because "some of the rules designed to protect women initially are seen now to discriminate against them," she said.

Although the new Army woman has nearly the same opportunities as her male counterpart, she has the same responsibilities as well, Gen. Bailey emphasized.

"They must have worldwide mobility like the men, but now their families get the same benefits as do men's," she said.

But despite a new image, a majority of women in the Army still occupy the administrative, clerical, communications and medical fields which they have in the past.

"We need them in other areas—we need women truck drivers, electricians and welders. But many women are reluctant to seek other than traditional roles, thinking, 'If I train myself to be a welder, there's not much chance I can be one when I leave the Army.' Society still makes it more difficult where the Army doesn't.

Although women are still not permitted to take part in front-line fighting, they are much closer to combat than most people think, she said. In a war situation, Gen. Bailey said, women would be right behind the male troops.

"They'd be support troops for repair, evacuation, medical treatment in those areas," she said.

Although she sees the prospect of women in actual combat as "very unlikely," it is because there is no need for it and because the majority of Americans do not support the idea, she said.

Male attitudes about women in combat take two extremes, she said.

"One is the guy who says, "Well, if she's going to be here fighting, she's got to have everything the same—latrines, uniforms, everything.'

"The other is the man who says, 'Bless her heart, poor thing, she shouldn't have to stand out here in the rain, and of course she can wear earrings with her uniform.' Neither is true. I've never heard a woman in uniform say that if she were needed she wouldn't go into combat. It has nothing to do with femininity."

[From the Chicago Tribune, July 6, 1974]

WOMAN COULD HEAD NAVY, ZUMWALT SAYS

WASHINGTON, July 5.—Retired Adm. Elmo Zumwalt said today he sees no reason a woman some day might not become chief of naval operations, the Navy's highest post.

But Zumwalt, who retired this week as chief of naval operations, said the states will first have to ratify the Equal Rights Amendment to the Constitution.

Without that amendment, which would strike down laws barring women from serving on combat ships, Zumwalt said women could not get the necessary experience to head the Navy.

In an interview with Sen. Percy [R., Ill.] for broadcast by Illinois television stations, Zumwalt said the Navy must be ready for ratification of the amendments, which cannot come before sometime next year.

Women now can serve only on troop transports and on hospital ships as medical personnel. But the Navy has assigned women to the hospital ship Sanctuary as part of the regular crew to determine if their presence poses any problems.

"I see no limitations on the managerial or leadership capabilities of women and I see no reason, in principle, why some day a chief of naval operations should not be a woman who has had the opportunity to serve and command at sea and work up thru the necessary experiences," he said.

[From the Chicago Tribune, July 7, 1974]

FIRST WOMAN CHAPLAIN TO TAKE POST IN ARMY

FORT MCPHERSON, GA., July 6.—The Army said yesterday its first woman chaplain, the Rev. Alice M. Henderson of Atlanta, will be commissioned here Monday.

The black minister will enter active duty as a captain in the Army Reserve and will attend Chaplains' School at Fort Hamilton, N.Y., before receiving her first duty assignment.

A native of Indian Springs, Ga., the Rev. Henderson is an associate minister at Atlanta's Cobb-Bethel African Methodist Episcopal Church.

She received a bachelor of arts degree in religion and philosophy from Clark College in 1968 and graduated from Turner Theological Seminary at the Interdenominational Theological Center here in 1969 with a master's degree in divinity, philosophy, and theology.

SST ECONOMICALLY UNFEASIBLE

Mr. PERCY. Mr. President, as time has gone by since the Congress very wisely decided against continued Government support for the development of a supersonic transport, more and more evidence which shows how sound the judgment of the Congress was has come to light. The latest evidence comes from a distinguished American industrialist Mr. Wil-

liam M. Allen, board chairman emeritus of the Boeing Co. Boeing helped develop the proposed SST and was one of its biggest supporters. However, now, in retrospect, Mr. Allen admits that although the SST is scientifically feasible, it is not economically feasible.

Because of the significance of this assessment by Mr. Allen, I ask unanimous consent that an article from the Seattle Post-Intelligence of June 20 of this year be printed in the RECORD.

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

SCUTTLING THE SST MAY HAVE BEEN RIGHT—ALLEN

(By Dan Coughlin)

Congress' controversial action in scuttling the American supersonic transport plane "could well have been a good decision," the man most responsible for the craft's original development said yesterday.

William M. Allen, board chairman emeritus of the Boeing Co., told a session of the United Nations Economic Commission for Asia and the Far East meeting here that this country will build an SST in the future however.

"The plane is not economically feasible today, scientifically feasible, yes, but not economically," Allen said.

He said the recent fuel crisis and subsequent price increases would have made the supersonic airplane unable to compete with slower jets. Congress killed the SST for environmental and budgetary reasons. Fuel cost and economy did not figure heavily in the decision, although it was discussed.

Boeing's candidate airplane would have been cheaper to operate than the Concorde as produced by Great Britain and France. Allen told the delegates to the meeting. The Concorde never has been competitive, he said.

At the time, however, the Boeing version would have "been a draw" in terms of cost-effectiveness with current subsonic jets, he said. But the new high price of jet fuel apparently has changed all that.

"It will take some doing, particularly in power plant development," Allen said.

He told the session development of a U.S. SST will come "inevitably."

"I probably won't be around to see it," Allen said. He is 73.

YEAR-ROUND DAYLIGHT SAVING TIME

Mr. CLARK. Mr. President, there has been growing disenchantment with year-round daylight saving time almost since its inception. The small energy savings resulting from winter DST provide little justification for the inconvenience it has caused. Earlier this year, along with a number of other Senators, I introduced legislation calling for its repeal.

Now, the Department of Transportation, in a report commissioned by Congress, has recommended a return to standard time during the darkest months of winter. The DOT report recommends that Daylight Saving Time be observed for 8 months of the year—excluding November, December, January and February.

In view of the DOT recommendation, Congress clearly should reassess its original decision. I hope that the Commerce Committee soon will schedule hearings on year-round daylight saving time.

A recent editorial from the Cedar Rapids Gazette provides a thoughtful analysis of the Department of Transportation recommendation. I ask unanimous consent that the editorial, from the July 7 Gazette, be printed in the RECORD.

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

DST REDUCIBLE

True to predictions, last winter's fuel-saving venture into Daylight Saving time produced a very small fuel saving that cannot be accurately gauged, according to commendably candid word last month from the U.S. transportation department.

The upshot was a recommendation that instead of running for the full two years ordained from its inception last January, Daylight time be trimmed down to an eight-month run omitting winter's darkest period. That makes more sense, in terms of value from the effort, than an all-year run involving times of heavy inconvenience for most people.

The DOT study indicated an imprecise and unmeasurable energy saving of under 1 percent from last winter's experience with DST. It also found that Daylight time had no significant effect on traffic safety, crime, agriculture, labor or recreation. Again, no great surprise. The enterprise was largely psychological, cosmetic and symbolic all the way.

Recent pressure to get rid of it completely and go back to summer-only normal DST has come from some who felt the darkness-danger to school children in winter overrode all other considerations in the system. Despite reports of some fatalities in Florida early in the morning, nationwide figures do not bear out that hazard in the size foreseen: In fact, a traffic-accident fatality decline among pedestrians and school-age kids reportedly turned up this year against the record shown in 1973 without DST. The cause-effect relationship remains obscure.

The transportation department's cutback suggestion calls for Daylight time to run from October's last Sunday to the last one in February. Mid-November to mid-February on Standard time would make about the same sense, still getting a degree of benefit without the strongest advantages.

But as a compromise between complete removal of DST's energy-saving extension and complete retention of its year-round unproductiveness, the eight-month answer is supportable, Congress should arrange a suitable adjustment before the dark-day seasons strike again.

SPEECH GIVEN BY RETIRED AIR FORCE COL. J. QUINCY COLLINS, JR., IN CHARLESTON, S.C., JUNE 29, 1974

Mr. THURMOND. Mr. President, on June 29, 1974, Retired Air Force Col. J. Quincy Collins, Jr. delivered an address to the South Carolina Department of the American Legion in Charleston, S.C. Colonel Collins is a former prisoner of war, having spent 7½ years in North Vietnamese prison camps. On September 2, 1965, his F–105 fighter-bomber was shot down 80 miles south of Hanoi. He remained in prison until February 12, 1973.

Our Nation is fortunate to have had men of character and dedication like Colonel Collins serving her in time of great need. Colonel Collins' experience has shown him the real values in life, and he knows the value of freedom that we as Americans too often take for granted. The remarks of Colonel Collins reflect a man of great patriotism and devotion to his country.

Mr. President, I ask unanimous consent that Colonel Collins' address be printed in the RECORD at the conclusion of my remarks.

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

On February the 12th 1973, I returned to "life," like a modern-day "Lazarrus." I left the tomb of a Communist prison to return to breathe the breath of freedom. But Lazarrus was only dead a few days—I was "gone" for seven and one half years. Perhaps Rip Van Winkle offers a better comparative—20 years. But in those times was there that much noticeable difference? The horse, buggy and walking, were still the main modes of transportation, and Rip found them unchanged. But recall the rate of change in American society in 1965 and compare it to that of 1973—I must have been away 50 years? Yes, a lot of things happened in those years and I am often asked, "Will you ever catch up?" There are, of course, physical insinuations to that question which will not be answered until my death-bed dissertation, on the other hand, I must be truthful and ask a question myself—how much is worth remembering? Selectivity is the solution to the problem of "being behind" and is solved rather quickly, especially in the technical field. Rather, I feel that I should catch you up" on a few things, namely—freedom, and what its all about!

As an American who lost his freedom, I feel it my duty and obligation to shout and loudly so that others may learn to appreciate what we really have here in these United States of America. It is obvious that we were not united during the Vietnam conflict.

But that war did not divide our nation—people divided our nation and they are still working at it. It is not my purpose to dig up all the pros and cons of the Vietnam war as expounded by everone from the President to the local anti-anti-anti group. Everyone had their say. The problem was, who to believe? As an American who served his country in a prison cell in North Vietnam, I am compelled to say that I believed in what I was doing in 1965 and now, in 1974—looking back—I believe in it even more. For serving my country and its citizens against blatant communist aggression and repression in southeast Asia, I can never be ashamed I do feel that a lot of decisions were made—or not made at all by administrations of both parties—that nullified, both military and politically, the opportunity for a clear cut victory there, but it is not my purpose to debate that now. Let me conclude this section by saying that we should never again get involved in a military operation of that proportion where "victory" is not the goal.

A lot has been seen, said, and read about the treatment of the American POW's in southeast Asia. Again the question—who to believe? Here are some facts you can believe—I was there! Upon being captured, the first thing we were told was that we were "criminals"—now POW's—and would be tried in a court. Many would be executed, many life imprisonments, etc. That line never changed until release was imminent. Next, the North Vietnamese communists tried to destroy our dignity as human beings. They attempted to humiliate us by forcing us to bow to them, not in the customary oriental style, but in a physical maneuver past the horizontal. At times we even had to bow to dogs and chickens. To refuse to comply was to guarantee punishment. Isolation was the name of the game during the first 5 years and, generally, you found yourself either alone or with one or two other men. Four walls and endless hours of nothing gave more than adequate time for reflecting. This was a real

learning experience for me, because I finally found out about Quicy Collins. It is quite easy for a person to overlook, hide, or even deceive himself, but if you want to be an honest man, you have to face this fact—you can't be honest with others until you're honest with yourself. Our younger generations have accepted this philosophy. They are tired of the older generation's traditional hyprocrisy of don't do as I do, do as I say. Call theirs—"tell it like it is" and its long overdue.

POW treatment has been well publicized by the media and covers the entire spectrum—from the "fairy tales" of Jane Fonda and Ramsey Clark to the macabre beatings and sadistic treatment as related by a few bitter returnees. Fonda and Clark are either liars, don't know the truth, or both. Torture was an every day occurrence—a way of life. Physical pain and induced bodily suffering, were, generally, of short duration and can be compared, in the light of the entire period of imprisonment, to several minutes of a 24 hour day. But believe me—you never forget those few moments. During those early years, I became convinced of one thing.—If a man has the desire to live and to survive, then torture will cause him to talk, act, or otherwise respond in the general manner that is demand. But if he is obsessed with resisting for resistance sake or will not compromise, even slightly, a given principle—he will die in the hands of a relentless enemy.

I believe mental torture is the worst. Its every conscious hour of every conscious day—and often it is self inflicted. About two weeks after I was "killed," a familiar voice came to mind. It was my wife tell me, "As long as you are alive, you never need worry about my being faithful." At the time she said them, these words were comforting, but in prison my number one question was, "Does she know I am alive?" The unanswerable question was tormenting. Several weeks later an acquaintance, having just been shot down, finally got this message to me. "We thought you were dead!" They even named a special room after me in my old squadron, so I could just see my lovely wife and three sons going down the highway of life—and I wasn't on the trip. This wasn't a temporary thought, for I was not allowed to write to them until October of 1969—four years after I was downed. My own letter situation was better than some others, but the point is—the mental anguish and distress, inflicted by the enemy and yourself, were always there—and there was little relief.

December 18, 1972 saw a special engraved invitation arrive for the Hanoi regime—"You are invited and encouraged to attend the negotiating sessions in Paris—ASAP." It was delivered by hundreds of B–52's—very professionally—and it was persuasive! I was in the Hanoi Hilton that first memorable night. It was like being on the inside of a fireball, in an earthquake, while sitting next to the world's loudest rock band. It was awesome and a little frightening, but we were one happy group of American's—for we knew that what should have been done years before, was finally being done and we were on the way home!

Now that I have returned, it is very obvious that President Nixon really stuck his neck out in ordering the B–52 bombings. He made a gutsy decision—and it brought me home. For that I will always be grateful. And aside I feel I should say that as a military man, he was my commander-in-chief and as a citizen, he is my President. You are not obliged to agree with all or any thing that he does or says, but I am obliged to assume him innocent until proven guilty—and it's not even certain a crime has been committed.

Until he leaves that office, for whatever reason, he will continue to receive the loyalty I am obliged and privileged to give the person titled, "the President of the United States" and I wish the "crucifiers" of that office would get a good case of lockjaw. The presidency is more important than the man, but if the man be guilty—remove him. The continued and prolonged dragging of Richard Nixon's political and personal "body" through the American streets of judgment can only head to disastrous results for this nation. I know of no one who has a completely open mind on this subject. I doubt that true justice will ever be possible. But it needs to end—one way or the other.

Having lived under the Communist repressive system for some years I realize several very pertinent facts. First of all their purpose is the same as it has always been—to destroy the free enterprise system and our form of democracy—the American way of life—and don't you ever forget it! That has been their goal since the beginning, it's that way now and it won't change! Secondly the Communist concept of right and wrong is not the same as yours and mine. To them the party is supreme—over all human and spirtual endeavor, and anything that will further the "cause" is true, just and correct. With this general philosophy, you can see that it is useless and folly to try to sit down at a negotiating table with any Communist country unless you have the one and only ingredient they understand and respect—power! If we, as a nation, ever allow ourselves to get into a second rate defense posture, we can kiss our sweet "heritage" goodby. Not only ours, but the free world's too, because no other free nation has the capability or the will to perpetuate man's most important commodity—freedom!

This responsibility has become ours—nobody else wants it—nobody else can do it! The same responsibility that rests on the shoulders of every American citizen to do his "duty to his country," rests on the shoulders of the United States of America to do its "duty to the world through principled leadership." There are, of course, degrees of involvement which must be considered, but helping others to help themselves and assisting other peoples to enjoy the opportunities freedom provides is an important part of American life—and vital for the other nations of the world who want to remain or become free. This is an obligation we must not shirk. This may sound idealistic, but that's what our forefathers had: Ideals, dreams, hopes, and faith in something greater than themselves—a unity of people, a nation, a world at peace, a gracious and omnipresent God. Let's not be so realistic in our approach to life that we destroy those attitudes that are tried and proven—those beliefs that have, in a few short years, brought us from a struggling, back-woods people to a nation that is unparalleled in all of recorded history. They were the right ingredients then and they worked. Why are we arguing now with our successes?

Attitudes have changed in this country since the mid 60's and have caused the American "backbone" to get soft. How can I prove that? Many people say things to me like, "Quincy, how did you and the other POW's do it—I would have given up—I think I would have died—I couldn't have done it." The citizens of this country look at us returnees as if we were heroes—well, we aren't! We were average American citizens serving our country in uniform, but we realized that as such, we had one hell-of-a heritage to uphold, and to do anything less than stand up for that heritage would have stamped us as failures and traitors. We could not "drop the ball" that our Nation had placed in our hands. To do so would have been dishonorable. As an organized military wing, we POW's had an objective—"To return home with honor." We also had a motto—"Unity before self," sound idealistic? Cou bet it is—and that's what makes for positive, gratifying results in any situation.

If you think we POW's had problems then maybe you ought to try to place yourself in the Pilgrim's predicament at Plymouth Rock. They really had it tough, but they had ideals and objectives and were willing to work and sweat to accomplish them. I can just picture what two American heroes, using the present day "realistic" attitudes, might have said instead of what they actually said. "I regret that I only have one life to give to my country—Nathan Hale—"Are you out of your mind? Me do a cloak and dagger bit against the British? Man, I wouldn't even last to collect my social security!" "Give me liberty or give me death"—Patrick Henry—"Heck yes I'm for liberty—first and foremost—but look at the facts. Britain could crush us like a grape and I, for one, ain't ready to be smashed yet. I've got a lot of living to do!" Do these viewpoints sound familiar? Test yourself and ask if they seem reasonable now?

In this day and time it almost appears to be unpatriotic to be patriotic.

This past season I watched numerous football games on T.V. and in person and I'm thinking seriously of opening a school to teach entertainers how to sing the Star Spangled Banner—if they can remember the words. This is just one of the many "signs of the times," but some have found a place for patriotism. It is used by politicians as an emotional appeal to get votes and create images. It is used by official Government agencies to fill quotas and sell programs to the public. It is used as a commercial commodity. But patriotism, in its true meaning, is a necessary ingredient for the survival of our "way of life"—free enterprise in a democracy. In its basic form, patriotism means putting your Nation's well-being ahead of your own—regardless of the results to you personally or to your special interest "group". It's high time we started being Americans first. This is something that must be remembered by Republicans and Democrats, by military and civilian, by labor and management, by lobbyists and the average "distinterested" citizen. Patriotism is more than an emotion of love and pride. It is also in action of service—and it's time we got off our duffs and go to work—for America!

As the most affluent and luxury laden country in the history of the world, we have bred an infectuous generation of people who want to work fewer hours, do less work, and reap more rewards. Now I am not naive to the fact that there are some poor people in this country, but I also am not ignoring the fact that a great portion of our working class citizens lack the motivation to get busy and be productive. I see unemployment percentages rising and I also see plants closing because no one wants to work. This observation was made before the energy crisis came along so that picture has changed somewhat, but the "attitude" remains. In Georgia, over one million dollars per week is paid out in unemployment and help wanted signs are up everywhere. In effect, we are becoming a weak people who want a strong government to provide for us. This is not the "American way!" This is the socialist way—one step below communism!

I don't want to give the impression that I am an economic and social action genius who came out of a prison in North Vietnam filled with all the wisdom necessary to cure my country's ills. What I am saying is, that having been out of the mainstream of American society for 7½ years, I can more easily see the changes that have occurred and are occurring in this country—and I'm concerned. I am concerned that a great number of our citizens don't know the meaning of the word "responsibility"—and many aren't even interested. This is not the attitude that made our nation great—that propelled us to the greatest achievements in the history of the world. Gibbons' "Rise and Fall of the Roman Empire" can give us, in detail,

the direction we are heading and an historic description of our destination if our self-centered and self-satisfying motives are not replaced by unselfish and principled responsibility. President Eisenhower gave us this warning some years ago—"a people that values its privileges above its principles soon loses both"—I believe it! It's happening!

Few Americans know that in 1918 Congress adopted what is known as "The American Creed." In practice it is a citizen's guide to attitude and behavior—here's what it says we should do:

"I believe in the United States of America as a government of the people, by the people, for the people; whose just powers are derived from the consent of the governed; a democracy in a republic: A sovereign nation of many sovereign states; a perfect union, one and inseparable; established upon those principles of freedom, equality, and humanity for which American patriots sacrificed their lives and fortunes. I, therefore, believe it is my duty to my country to love it, to support its constitution, to obey its laws, to respect its flag, and to defend it against all enemies."

The United States of America is the most beautiful piece of real estate in the world. It, truly, must be the "Garden of Eden," for no other spot can compare. And what a beautiful people we have—blacks, reds, yellows, whites—all colors and creeds and descents, under one flag. But even more gorgeous than these is the heritage we, as Americans, have been handed by our forefathers. Put all these sacred ingredients together and you have America.

We, as a nation, have not always been "the greatest"—and we may not always be "the greatest"—that depends on you and me and the future generations influenced by us. May we be guided by this thought:

To be born in freedom is an accident,
To live in freedom is a struggle,
But to die in freedom is an obligation.

I have faith that we as American citizens will meet this obligation. Our history supports it—our future demands it!

MIGRANT LABOR

Mr. KENNEDY. Mr. President, 1 year ago I sent a letter to the Department of Justice calling attention to instances I had heard of regarding physical abuse, forced labor, denial of pay, or inequitable pay procedures involving farmworkers in the Southeastern States.

I asked whether investigations of such practices and abuses, particularly those involving crew leaders and growers, were being conducted by the Department of Justice at that time. In response, I received a letter from the Assistant Attorney General of the Civil Rights Division of the Department of Justice, who informed me that investigations of complaints of forced labor and other abuses among migrant farmworkers were taking place and that such complaints were followed by prosecution in cases of violation of Federal law.

Now the Department of Justice has released a statement detailing Federal indictments returned against the operator of a migrant farm labor camp and his two assistants on charges of conspiring to hold five workers in involuntary servitude.

I believe that the Civil Rights Division of the Justice Department and the Federal Bureau of Investigation should be commended for their action in carrying these difficult investigations to their appropriate conclusion.

However, this latest confirmation of exploitation of migrant farmworkers demonstrates the need for continued Federal concern and action to protect the rights of the migrant farm laborers in America.

I ask unanimous consent that the exchange of correspondence between the Justice Department and myself, and the Justice Department release announcing the prosecution of the farm labor operator and his assistants be printed in the RECORD.

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

U.S. SENATE,
Washington, D.C.

Mr. MICHAEL FERGUSON,
Criminal Section, Civil Rights Division, Department of Justice, Washington, D.C.

DEAR MR. FERGUSON: I have received several requests for information concerning whether the Department of Justice has investigated physical abuse, forced labor, denial of pay or inequitable pay procedures involving farm workers in the southeast states.

The letters specifically cite cases involving crew leaders and growers in Wilson County and Smithfield in North Carolina. I would appreciate any information you might have with regard to such practices and abuses, and what steps have been taken to investigate and prosecute such abuses.

Also, I would appreciate knowing if there have been any similar incidents which the Department has investigated or prosecuted in other east coast states.

I also would appreciate knowing if a determination has been made by the Department of the necessity for new legislation in this area.

Sincerely,

EDWARD M. KENNEDY.

DEPARTMENT OF JUSTICE,
Washington, D.C., June 4, 1973.

HON. EDWARD M. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KENNEDY: This is in response to your letter dated May 3, 1973 to Mr. Michael Ferguson, a research analyst in the Criminal Section of the Civil Rights Division, regarding action taken by the Department of Justice to investigate complaints of forced labor and other abuses among migrant laborers.

During the past two years the Department has received a number of complaints of involuntary servitude and peonage involving migrant workers and crew leaders. Most of these complaints have involved labor crews and camps in the eastern seaboard states. Approximately fifteen complaints, for example, have been investigated in recent years in and around Wilson and Johnston Counties, North Carolina.

Complaints of this nature made to the Department or to any other federal agency are normally investigated by the Federal Bureau of Investigation as possible violations of federal law. Their reports are forwarded to the Civil Rights Division for review and evaluation. Matters which appear to have prosecutive merit are brought before federal grand juries by the Civil Rights Division and the responsible United States Attorney, and are prosecuted if indictments are returned. Both peonage (18 U.S.C. 1581) and involuntary servitude (18 U.S.C. 1584) are felonies which carry a maximum penalty of five years imprisonment and a $5,000 fine.

The United States Code also contains, under Title 7, Section 2041–2053, certain administrative regulations pertaining to crew leaders. The provisions of these statutes are administered by the Office of Fair Labor Standards in the Labor Department and enforced by the Criminal Division of the Department of Justice. The direct jurisdiction of the Civil Rights Division in migrant labor matters is limited to the enforcement of the involuntary servitude and peonage statutes.

Last year the Department prosecuted four cases involving the forced labor of migrant workers. These, along with two additional cases currently pending trial, represent the first federal involuntary servitude or peonage prosecutions developed since 1964. The four cases that have gone to trial resulted in the conviction of five defendants, the acquittal of one, and dismissal of charges against one. All defendants were crew leaders or assistants to crew leaders.

The cases developed to date have been in South Carolina, Virginia, and Florida. At the present time we have complaints under review from several states, at least one of which involves a migrant crew in North Carolina. Grand Jury presentation of the North Carolina matter is expected in the near future.

New legislation has been proposed by the Department as part of the revision of the entire federal criminal code.

Sincerely,

J. STANLEY POTTINGER,
Assistant Attorney General,
Civil Rights Division.

DEPARTMENT OF JUSTICE RELEASE

The operator of a farm migrant labor camp near Ridge Spring, South Carolina, and his two assistants were indicted today by a federal grand jury on charges of conspiring to hold five workers in involuntary servitude.

Attorney General William B. Saxbe said an 11-count indictment was returned in U.S. District Court in Columbia, South Carolina.

Cleveland Williams, the camp operator, and Roosevelt Band and Leroy Alford, Jr., his assistants, were named in one count on the conspiracy charge.

Williams was charged in five other counts with illegally holding five workers in involuntary servitude and in five more counts with holding them in a condition of peonage by preventing them from leaving his employment and control.

The indictment said the offenses occurred between May 10 and June 14, 1974.

Five migrant workers were named as victims in the conspiracy count, and two additional workers were named in the other counts.

The migrant workers named in the indictment were Patrick L. Sullivan, Ray Boy Pyatt, Donnie Cook, Gerald William Baker, Milton Yancey, John H. Biggs, and Ponsey Townes.

The defendants are black and the workers are white.

The maximum penalty upon conviction on the conspiracy count is five years in prison and a $10,000 fine. The maximum penalty upon conviction on each of the other 10 counts is five years in prison and a $5,000 fine.

SENATOR RANDOLPH HONORED BY IZAAK WALTON LEAGUE—ADDRESSES ITS 52d ANNUAL CONVENTION IN HUNTINGTON, W. VA.

Mr. JACKSON. Mr. President, there is no man in the U.S. Senate more dedicated to the protection and wise utilization of our national resources than JENNINGS RANDOLPH. His roots are planted deeply in the mountains of West Virginia. During his career as a Member of the Congress, Senator RANDOLPH has been an articulate

and effective advocate of protecting the natural strengths of our land.

From the experience of working together on matters of mutual concern, I know that JENNINGS RANDOLPH is unswerving in his zeal to see that our natural resources are protected for the use and enjoyment of future generations.

Mr. President, last week the Izaak Walton League of America held its 52d annual convention in Huntington, W. Va. It was eminently fitting that the league chose the occasion to bestow on Senator RANDOLPH its National Services Recognition. The citation that accompanied the award read as follows: "For outstanding leadership towards the development of a congressional consciousness to improve the quality of man's environment." These words summarize succinctly his successful work in mobilizing public attention to environmental needs and in guiding the development of environmental legislation.

Senator RANDOLPH was further honored at the Izaak Walton League convention by being invited to be the featured banquet speaker, with more than 600 persons attending. His address was a thoughtful and provocative discussion of current environmental issues and I ask unanimous consent that it be printed in the RECORD.

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

CONSERVATION BUILDS A BETTER AMERICA

The many programs and issues pursued by the Izaak Walton League of America are a manifestation of what I believe to be a fundamental shift in American thinking. Over the past dozen years or so we have become increasingly concerned about the condition of the world in which we live. The American nation was built on a virgin continent where natural resources were, or so we thought, virtually limitless.

In our zeal to create a new society we plundered these resources recklessly until now we are faced with the prospect of their serious depletion. Our mightly industrial complex likewise produced mountains of garbage, polluted air and water in addition to turning out the useful products that make us the richest country on earth.

The goals of environmental movement are laudable and desirable. At the same time, there are very practical reasons for adopting new attitudes to our surroundings. If we are to continue enjoying the benefits of the world we built, we must treat it with respect.

I am gratified to be involved, through the Committee on Public Works, in the development of Environmental Protection programs. In the past decade a number of major laws have been enacted. As a result, environmental quality is improving, admittedly not as fast as we would like for there remains a substantial backlog of abuse to overcome.

The Committee currently is giving major attention to the very substantial problems of Solid Waste Management. During the past two weeks I Chaired seven days of hearings by our Panel on Materials Policy.

It is essential that we begin to develop and widely implement the programs that are necessary to recover and reuse large quantities of what we now call waste. For the most part, the technology exists to return to use virtually all that we now throw away. We can recover glass and materials to return to manufacturing. A substantial proportion of waste also can be utilized as an energy source.

The challenge of solid waste management has often been described as one of preventing increasingly urban society from disappearing under its own garbage. With our country now 70 percent urban mere survival makes this a vital concern. Perhaps equally important, is the fact that we may be unable to sustain our society unless we extend the conservation ethic to raw materials. We are committed to clean air and clean water. We must be equally committed to clean cities and clean countrysides and the repeated reuse of non-renewable resources that are becoming more and more precious. In short, we must eliminate the word "waste" from our vocabulary and inset the word "conservation."

The environmental problems encountered with effective solid waste disposal are similar to those for air pollution; however, because of the amounts involved, the task is staggering. Three years ago the United States was producing solid wastes at the rate of 4.4 billion tons a year. Of this total, 230 million tons were urban waste and 140 million tons the residue of industry.

Moreover, improper disposal of these materials can contribute to air pollution and can cause contamination of surface and underground water supplies. The added dimension, however, is their potential for contaminating the land, causing its degradation in similar ways to air and water quality pollution.

The material plenty that has characterized American society has fostered the growth of consumerism. This in turn has made a wasteful people. Our need for raw materials continues to grow. Each year we discard 60 billion metal cans, 200 million tires, 7 million cars, 30 million tons of paper and despite our addiction to the tube, 7.6 million sets. These discards represent virtually untapped sources of materials.

Solid wastes are the by-products of our affluent society. As their use and consumption grows we are also faced with a rapid depletion of the natural resources which sustain our society, as well as a semi-permanent energy shortage. While all of these factors are interrelated, it is now in part feasible to simultaneously deal with the problems of waste, energy, and materials.

As we move into new efforts to cope with solid waste issues we must not allow our interest to wander far from the programs intended to halt air and water pollution. The most recent of these is the major water pollution law in 1972. This is a far reaching measure which established a goal of ending pollution throughout the United States by 1985.

The Clean Water Program is an undertaking of such magnitude and involving such new public policy concepts that we must give close attention to its implementation.

The intention of Congress was specific and we must maintain a watchful attitude to see that they are pursued. Already the Clean Water Program has been complicated by the unwillingness of the Administration to make available the full amount provided to build sewage treatment facilities. Only $9 billion of the $18 billion authorized for commitment to date has been released. Such action obviously threatens our schedule for achieving clean water.

Even when funds are available, the program is encountering bureaucratic and red tape pitfalls that delay the development of new anti-pollution facilities. For instance, the Environmental Protection Agency has declined permission for a small West Virginia community of Wardensville to combine the two-step planning procedure required under its regulations. Carrying out planning in two separate phases will delay construction and increase the cost of the project. Such a small undertaking estimated at only $600,000 should not be made to bear the cost of multi-step planning that might be necessary for a larger undertaking.

The Environmental Protection Agency has also said that a number of small communities with small projects cannot combine their engineering and planning efforts to take advantage of economies of scale. This is bosh!

I have indicated that the water pollution control program is an ambitious new commitment to correct past abuses. When it was established Congress felt that such long-range efforts should be subject to constant monitoring. Likewise, we are realistic enough to know that the experience might indicate that goals or means for achieving them might have to be modified to examine the long-range implications of the program, we created, under my sponsorship, the National Commission on water quality. I am a member of the Commission which is now functioning under the membership of former Governor Nelson Rockefeller of New York. We are examining the long-range implications of the clean water program. This work will contribute significantly to the ending of water pollution. Its work will have a constructive impact for the next 10, 30 or even 50 years.

FOREST MANAGEMENT

Of continuing concern to you—and to me—is the steadfast refusal of the Forest Service to conduct timbering activities under the U.S. District Court decision which found the Forest Service to be in violation of the Organic Act of 1897.

Since the Izaak Walton League was a plaintiff in this legal action, most of you know that the Forest Service has appealed the District Court decision and that the case is currently being reviewed by the Fourth Judicial Court of Appeals in Richmond.

The District Court determined the Organic Act to be quite specific in that only "dead, mature or large-growth" timber could be cut and that each tree to be harvested must be individually marked. The Forest Service claims this to be an uneconomical requirement and one consisting of improper forest management. I suggest that this would not be the first time the Forest Service has been faulty in its management judgments!

Realistically there is rising concern over the economic disruption resulting from the lack of timber contracts. Many mills, industries utilizing wood products and County Boards of Education are increasingly being caught in the economic pinch by the disappearance of timber sales on the Monongahela. I have been critical of the Forest Service policy to implement and carry-on the even-aged management system on the general forest zone, but I believe very strongly in the need to harvest timber.

We have disagreed on how this harvesting is best accomplished.

Since the Forest Service adoption of Even-Aged Management as the system on the general forest zone in 1964, many abuses occurred—some of which have been softened, others which have not. The resultant abuses are known to the participants in this meeting; improper management and devastation brought on by the change in policy; excessive clearcuts; improperly spaced clearcuts; significant erosion problems; violation of the Multiple Use, Sustained Yield Act of 1960; and disregard for public opinion. It is, I emphasize, the public which owns the forest.

I recognize that some of the problems areas have been alleviated. The Forest Service is, however, insistent on carrying forward with its policy of Even-Aged Management, although they do indicate a variety of methods

is being used. There is absolutely no evidence to verify any change in Systems, whatsoever. If one carefully examines the timber contracts let prior to the Federal Court decision, it would be difficult to conclude that anything other than Even-Aged Management is being practiced on the general forest zone, which as you know, does not include water and travel influence zones that the Forest Service is quick to point out represent selection cutting.

The continuing policy of Even-Aged Management on the Monongahela by the Forest Service, I believe, conflicts with the intent of the Congress over the issue of Multiple-Use, Sustained-Yield. The forest values, including recreation, wildlife, water, aesthetics, watershed and environmental protection often far outweigh timber values. This alone should preclude massive clearcutting.

Of equal concern is the tremendous waste of young growing stock by the cutting of immature timber stands.

The Forest Service implements clearcutting because the practice accommodates much large equipment; eliminates the need for intensive management; decreases forest administration; and enables the Forest to be placed on a 100-year rotation, although some species are not yet mature even at this age. In addition, the Forest Service claims some species, Oak, Black Cherry and Poplar, among others, must be clearcut for proper regeneration. This is fallacy. A U.S. Department of Agriculture Handbook states that openings of about one eighth acre constitute about the right size openings for regenerating oak; that the best situations for black cherry are small circular or narrow strip openings which should approximate the height of bordering trees and poplar responds well on sites where it has been clearcut and in group selection areas with openings as small as one-half acre.

There will be, perhaps, efforts to change the language of the Organic Act of 1897. I shall insist that the Act promote the integrity of the working forest ecosystem for continuing the productivity of the forest and to enhance forest values for citizens generally. The Congress would need to provide more financial support for better forest management; a firm and continuing role as to how the forests are to be managed; a scientific management of forest by competent personnel from all pertinent disciplines, considering all management alternatives, and involvement by the public, to whom the forests belong.

Also, I would favor legislatively requiring that the Eastern Mixed Hardwood Forests be managed under a policy of uneven-aged management being the system employed on the general forest zone. Such a redirection by the Forest Service could well be a prerequisite to any modification of the Act.

We have thought we possessed an inexhaustible supply of resources. Reality is now forcing us to adopt conservation attitudes and to develop programs to protect our land, our water, our air and our materials.

We must continue to act wisely to curb the threats to our environment that could badly cripple our economy and slow our progress toward improving living conditions for all citizens.

The Izaak Walton League, in West Virginia and throughout the Nation, fully recognized this challenge and has acted affirmatively to meet it. I pledge my cooperation in your endeavors.

THE FARMERS COOPERATIVE COUNCIL OF NORTH CAROLINA COMMENDS SENATOR ERVIN'S SERVICES

Mr. TALMADGE. Mr. President, as his colleagues know, Senator SAM J. ERVIN, JR., of North Carolina, has supported throughout his Senate career all measures designed to make the lives of those who dwell upon our farms as abundant as possible. On January 24, 1974, the Farmers Cooperative Council of North Carolina in meeting assembled at Durham, N.C., took note of this fact and of Senator ERVIN's approaching retirement from the Senate, and paid tribute to him for his services to the agricultural community in the following citation:

CITATION: SAMUEL JAMES ERVIN, JR.

For his conspicuous, sustained interest in the welfare of farmers of this State and Nation, the Farmers Cooperative Council of North Carolina salutes the Honorable Samuel James Ervin, Jr., a distinguished member of the Senate of the United States for the past 20 years.

Let all know that it is to his credit that he has never failed to respond to petitions and requests on behalf of the agricultural community, and for this sympathic understanding and appreciation of farmers' problems, this Council is duly grateful.

In a day and time when agriculture is beset on all sides, it is heartening to know that farmers have a strong and trusted advocate in the person of this wise representative of the people and that his voice carries weight and authority when he speaks. Furthermore, he has not been afraid to protect and defend the position and rights of agriculture in any place and at any time, regardless of personal consequences.

In like manner, the distinguished Senator has well represented all other segments of our complicated society, but particularly has he given of his best to the common man and to the constitutionally-guaranteed liberties of these individuals.

It is with regret that we learn he is retiring from the United States Senate at the end of his present term, but his brilliant attainments and his folksy wit and wisdom will cause him to be long remembered in the minds and hearts of good people everywhere.

The Council and the people it represents are proud of Senator Ervin and the record he has made in a lifetime of dedicated service to his community, his State and his Nation. He is truly one of the great men of his time, and there can be no doubt that historians will accord him a place of honor reserved only for our most respected Americans.

He has our best wishes and gratitude as he nears the end of his public career. With sincere affection, we can say, "Well done, good and faithful servant."

This 24th day of January, 1974, at Durham, North Carolina.

CECIL E. VIVERITH,
President.
HARRY B. CALDWELL,
Executive Vice President.

GOP'S CHANCE FOR A COMEBACK

Mr. PERCY. Mr. President, for many years the Republican Party of Illinois has had the benefit of the counsel of Bill Rentschler who was a distinguished candidate for the U.S. Senate in 1960. We are fortunate indeed that his advice and suggestions continue to stimulate us. On July 16 the Chicago Tribune carried an article on the editorial page entitled "GOP's Chance for Comeback." Because I believe my colleagues on both sides of the aisle in both Houses will be interested in what Bill Rentschler writes, I ask unanimous consent that it be made a part of the RECORD.

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

OPEN UP PARTY—G.O.P.'s CHANCE FOR COMEBACK

(By William Rentschler)

For only the second time since 1948, the Republican Party will nominate a Presidential ticket in 1976 which does not include Richard Nixon.

In 1976 the G.O.P., wounded and bleeding freely from the still-spreading scandal of Watergate, likely riddled by major losses in 1974, gets a fresh chance to emerge as a significant force in American politics.

This all seems grotesque and unreal against the backdrop of Nixon's epic 1972 landslide. But as Republicans grope for answers and new directions, they would do well to remember that the Presidential landslide produced no evidence of widespread Republican national support or of anything resembling a Republican majority in the nation's congressional, legislative, and statehouse races.

And now the pervasive influence of Watergate has eroded, even ravaged, the traditional bedrock strength of the G.O.P. Should this plunge Republicans into total despair?

No, for the political mood can change quickly and dramatically. Consider the Republican resurgence of 1966 and the Nixon victory of 1968, both preceded by Lyndon Johnson's annihilation of Barry Goldwater in 1964.

But this time, Republicans cannot expect to benefit from a swing of the political pendulum, nor can they depend on Democratic misrule, inaction, overconfidence, or internecine warfare. To retrench for 1976, Republicans need something positive, dramatic, and convincing—and they already may have it.

Rules adopted at the Republican National Convention of 1972 give the G.O.P. a rare opportunity to "open up" its '76 convention, to broaden the presently narrow party base, to erase the stain of Watergate, and to create the foundation for winning the White House and other races in 1976.

The crux of Republican reform—delegate selection—was spelled out bluntly at Miami Beach: ". . . Participation in a Republican primary, caucus, any meeting or convention" held for the purpose of selecting delegates to any G.O.P. convention—"county, district, state or national"—shall "in no way be abridged for reasons of sex, race, religion, color, age, or national origin."

Further, "the Republican National Committee and the Republican State Committee [of each state] . . . shall take positive action to achieve the broadest possible participation by everyone in party affairs, including such participation by women, young people, minority and heritage groups and senior citizens in the delegate selection process."

So now the question is whether Republican leadership—in Illinois and elsewhere—will seize the moment and make the G.O.P. an open, broadbased, and genuinely responsive party.

Here's what this means in Illinois:

The Illinois delegation to the 1976 national convention will increase from 1972's 116 [58 delegates and 58 alternates] to 202 [101 delegates and 101 alternates]. Significantly, the number of elected delegates from Illinois will increase from two to at least three per congressional district. Thus a minimum of 72 of the 101 Illinois delegates [and 72 alternates] will be elected at the grass roots level from Illinois' 24 congressional districts. By contrast, only 48 were elected in 1972 and the remaining 10 were selected by the state convention.

It is possible [tho not likely at this moment] that the 29 remaining delegates will be elected at-large statewide in the 1976 primary. This would seem to offer Repub-

licans their best opportunity to make contact with grassroots Republicans and the public in general, clearly "turned off" by politics as usual.

To elect on a statewide basis in the 1976 primary all "at large" delegates would require action by the Illinois Republican State Central Committee, a generally inert, 24-member governing body which rarely has won kudos for throwing open party doors to outsiders. If the state committee does nothing, Illinois statutes provide that the 29 "at-large" delegates be selected by the state convention just as the 10 "at large" delegates and alternates were in '72.

Illinois and U.S. Republican leaders must at the outset show the people firm resolve to hold an open, truly representative convention in 1976. Anything less will be—and should be—regarded as suspect.

The bicentennial year Republican National Convention could be *the* political event of a lifetime. Passions will be high, interest keen, and competition for the nominations more fascinating, intense, and uncertain than at any time since 1948.

This time, the G. O. P. must make every effort to include, to bring in more people of every background. But it must be careful not to exclude, as the Democrats did with such painful results in 1972.

REAL ESTATE SETTLEMENT COSTS LEGISLATION

Mr. PROXMIRE. Mr. President, tomorrow at the conclusion of morning business the Senate will take up my amendment No. 1556 to S. 3164, the real estate settlement procedures bill, under a 2-hour time limitation. This amendment would maintain the statutory authority now on the books for the Secretary of HUD and the Administrator of the VA to set standards governing the amount of settlement costs allowable on FHA and VA mortgages. It would do this by striking section 10(c) of S. 3164, which repeals the existing law, section 701 of the Emergency Home Finance Act of 1970.

This amendment has a number of cosponsors, reflecting broad bipartisan support. The cosponsors include Senators MAGNUSON, MATHIAS, CASE, HART, HATFIELD, TUNNEY, KENNEDY, HATHAWAY, and METZENBAUM.

Mr. President, S. 3164, containing as it does the repeal of section 701, is not a proconsumer bill. On the contrary, repeal of the HUD/VA authority would be a major blow to the interests of consumers, who currently pay an estimated $1.5 billion a year overcharge for settlement services.

A number of consumer groups have expressed strong support for my amendment to retain the section 701 authority. No consumer organization has supported the repeal of that authority, as contained in the bill before us here in the Senate, S. 3164, sponsored by Senator BROCK, and in the House bill, H.R. 9989, sponsored by Congressman STEPHENS. In fact a number of consumer organizations banded together to issue a position paper, subsequently distributed to all Senate offices, indicating their strong opposition to the repeal of section 701. I quote from that position paper:

> However, any reduction in settlement charges resulting from the Brock-Stephens reforms would be many times offset by the increase in settlement charges which would be triggered by the repeal of the regulatory authority under section 701. The net effect of the Brock-Stephens bills is thus anti-consumer and not pro-consumer.

That position paper was issued by the following consumer, labor and public interest organizations:

> Consumer Federation of America.
> National Consumers Congress.
> Congress Watch.
> Amalgamated Meatcutters and Butcher Workmen.
> Communications Workers of America.
> International Ladies Garment Workers.
> United Steelworkers of America.
> Alan Morrison, Public Citizen.
> Marty Lobel—Lobel, Novins and Lamont.
> Benny Kass—Boasberg, Hewes, Klores and Kass.

I ask unanimous consent that the full text of that paper be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. PROXMIRE. Mr. President, I feel obliged to emphasize and demonstrate the strength of consumer support for my amendment to S. 3164 because I feel the consumer position has been misrepresented recently both on the Senate floor and in other contexts. In particular, reference has been made to testimony given by Alan B. Morrison of Public Citizen Litigation Group, a Nader organization, in hearings before the Housing Subcommittee of the House Banking and Currency Committee.

Senator BROCK, in a Dear Colleague letter and in a statement on the Senate floor, quoted Mr. Morrison as opposing the price regulation authority now held by the Federal Government. Mr. Morrison has written to Senator BROCK, with a copy and a cover letter to me, protesting and refuting the implication that he favors the repeal of section 701. In his letter to me, Mr. Morrison states:

> That implication is and always has been totally false, and I wish to correct the record for the Senate and the American people on this matter.

More specifically, Mr. Morrison points out in his letter to Senator BROCK that although the sentence quoted expressed some misgivings about pervasive Federal regulation of settlement costs until other methods had been explored, the very next sentence strongly endorses continuation of the existing FHA/VA authority under section 701.

> However, I strongly support continuation of the standby authority which exists to control such costs on FHA and VA home financings because of the strong Federal interest in insuring that persons whom Congress intended to benefit from Federal housing assistance in buying their homes are in fact able to do so.

I think it is very important that this misunderstanding be cleared up, and that the unanimous position of consumer groups in favor of my amendment and against repeal of section 701 be widely known. Therefore, I ask unanimous consent that the full text of Mr. Morrison's letters to me and to Senator BROCK be printed in the RECORD at the conclusion of my remarks, and that the text of Mr. Morrison's excellent testimony in favor of strong Federal legislation to bring down real estate settlement costs, as delivered before the House Banking and Currency Committee, be printed as well.

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

(See exhibit 2.)

Mr. PROXMIRE. Finally, Mr. President, I would like to draw attention to an excellent article by Morton Mintz appearing in today's Washington Post. It describes in some detail the struggle between the real estate settlement lobby and the consumer groups over the effort to repeal section 701, and it points out the gravity of the problem posed to the consumer faced with excessive settlement charges, a problem which is particularly severe in the Washington metropolitan area. I ask unanimous consent that that article be printed in full at the conclusion of my remarks.

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

(See exhibit 3.)

EXHIBIT 1

CONSUMER POSITION PAPER ON REAL ESTATE SETTLEMENT COSTS LEGISLATION

The problem of unnecessary and inflated real estate settlement costs has recently come to the attention of the Congress. Several bills to reform procedures and costs involved in real estate settlements have been introduced. S. 2288 (Proxmire) and H.R. 12066 (Sullivan) provide for HUD regulation of closing costs, as well as numerous specific reforms of the settlement industry; S. 3232 (Proxmire) provides that all fees and charges for settlement services in connection with a federally-recorded mortgage loan shall be paid by the lender; and S. 3164 (Brock) and H.R. 9989 (Stephens) provide for the repeal of Section 701 of the Emergency Home Finance Act of 1970, which authorizes HUD to limit settlement charges on FHA/VA mortgage loans, as well as other specific reforms.

On May 22, 1974, the Brock bill was reported out of committee, and is scheduled to reach the floor shortly. The Stephens bill is expected to be reported out of full committee soon. We are opposed to the repeal of Section 701 as proposed in the Brock-Stephens legislation. To repeal Section 701 at this time would remove the only authority to limit settlement costs on the books, and could ultimately cost average homeowners millions of dollars. We do not object to the substance of the other reforms contained in the Brock-Stephens legislation, although we prefer the more specific language contained in S. 2288/H.R. 12066. However, any reduction in settlement charges resulting from the Brock-Stephens reforms would be many times offset by the increase in settlement charges which would be triggered by the repeal of regulatory authority under Section 701. The net effect of the Brock-Stephens bills is thus anti-consumer and not pro-consumer.

Some have argued that the repeal of Section 701 does not hurt consumers because the Department of Housing and Urban Development has not used its authority to limit settlement charges. We strongly disagree with this reasoning. While it is true that the officials presently in charge of HUD have adopted a negative attitude with respect to regulating settlement charges, a future Secretary might be more consumer minded. Also, the mere existence of Section 701 on the statute books acts as a club in the closet to deter further unjustified increases in settlement charges. Likewise, the possibility of Federal regulation has prodded the states and localities into acting to curb abusive real estate settlement practices. The repeal of

Section 701 would be a major step backwards in consumer protection. Even without the repeal of Section 701, the Brock-Stephens reforms are largely cosmetic and do not speak to the underlying problems.

The Brock-Stephens bills are not consumer bills. In fact, they are supported almost exclusively by the real estate settlement industry including title insurance companies, bar associations, mortgage lenders, realtors and the like. During Senate hearings on the Brock bill, 15 witnesses representing the real estate settlement industry testified. All 15 supported the Brock bill. During House hearings on the Stephens bill, 29 witnesses representing the settlement industry testified.

All 29 supported the Stephens bill. Given this record, it should be obvious that it is the real estate settlement industry and not consumers who stand to benefit from the Brock-Stephens bills.

Consumer Federation of America.
National Consumers Congress.
Congress Watch.
Amalgamated Meatcutters and Butcher Workmen.
Communications Workers of America.
International Ladies Garment Workers.
United Steelworkers of America.
Alan Morrison, Public Citizen.
Marty Lobel—Lobel, Novins and Lamont.
Benny Kass—Boasberg, Hewes, Klores and Kass.

EXHIBIT 2

PUBLIC CITIZEN LITIGATION GROUP,
Washington, D.C., July 18, 1947.

Hon. WILLIAM PROXMIRE,
Washington, D.C.

DEAR SENATOR PROXMIRE: Enclosed is a copy of a letter that has been sent today to Senator Bill Brock concerning the remarks that he made on July 16th on the floor of the Senate which imply that I favor the repeal of Section 701 of the Emergency Home Finance Act of 1970. That implication is and always has been totally false, and I wish to correct the record for the Senate and the American people on this matter. Any assistance that you could provide in this regard, including any use of this letter and the one to Senator Brock that you deem appropriate, would be most appreciated by me and, I believe, by the American homebuyer who will continue to benefit by keeping Section 701 on the books.

Sincerely,

ALAN B. MORRISON.

PUBLIC CITIZEN LITIGATION GROUP,
Washington, D.C., July 18, 1974.

Hon. BILL BROCK,
Washington, D.C.

DEAR SENATOR BROCK: I was highly disturbed to read at page 23558 of the Congressional Record of July 16, 1974, that you implied that I have supported the repeal of Section 701 of the Emergency Home Finance Act of 1970. I do not now and have never favored any such repealer.

Even more disturbing was the manner in which you attempted to prove that I supported your position. You read a quote from my testimony which indicates that I expressed some misgiving about pervasive Federal price regulation of real estate settlement costs until other methods, such as requiring the lender to absorb all such costs, have been tried. However, in the very next sentence following the one quoted by you, I stated as follows:

"However, I strongly support continuation of the standby authority which exists to control such costs on FHA and VA home financings because of the strong Federal interest in insuring that persons whom Congress intended to benefit from Federal housing assistance in buying their homes are in fact able to do so."

From this I can only conclude that your proffer of a portion of my testimony as support for your position was a deliberate attempt to mislead the Senate and the American people, for which I believe I am entitled to a public apology on the floor of the Senate. So that there is no mistake about my position in the future, I am enclosing a complete copy of my testimony before the Subcommittee on Housing of the House Committee on Banking and Currency from which you extracted a single sentence out of context and omitted the very next sentence which states my position that Section 701 should be retained.

Very truly yours,

ALAN B. MORRISON.

STATEMENT OF ALAN B. MORRISON

Mr. Chairman, members of the Committee. I am pleased to be able to discuss with you today the problems of soaring costs and consumer confusion with regard to real estate settlement practices. There is no transaction which is more common to American families and which at the same time leaves them with such a great sense of frustration and of having spent hundreds and sometimes thousands of dollars for reasons which totally escape them. The problem is a national one, appropriate for resolution by the Congress although, of course, many of the problems vary from locale to locale depending upon local laws and customs. It is my view that we cannot afford to continue to waste millions of dollars annually in connection with real estate closings, and that Congress has an obligation to insure that every American has a decent home which can be bought without bringing the family to the brink of bankruptcy.

From my perspective, I believe that there are two central problems for home buyers. The first is that the costs of many of the services in connection with the purchase and financing of a home are grossly inflated, a fact which, when coupled with the high prices paid for homes, makes purchasing very difficult for many Americans. The second problem, and one which is very much related to the first, is that all but the most sophisticated home buyer cannot intelligently judge from which source to obtain the financing and services ancillary to it because of the maze of different combinations and limitations that make meaningful comparisons difficult if not impossible. It is these two problems which this Committee should seek to solve if real progress is to be made in this area.

The basic problem with costs is not that there are scores of dishonest or even unscrupulous businessmen who are trying to bilk the prospective home buyer. There are, of course, some people who will take advantage of anyone they can, but that problem will exist no matter how pervasive Federal regulation may become. The creation of the SEC did not end securities frauds any more than will creation of a federal housing regulator end frauds in the purchase of homes.

The basic problem, as I see it, is that there are a great many unnecessary charges paid by the home buyer in connection with his purchase that should be eliminated. For instance, in Virginia, the State Bar has issued an opinion which provides that giving an opinion on the state of title to real estate involves the practice of law, and, since other rules prohibit corporations from practicing law, title companies must obtain an opinion of outside counsel in every case before issuing title insurance. The result is that the fees for title examination in Virginia are far above those in neighboring jurisdictions where companies perform their own examinations with trained employees who may or may not be attorneys. The consumer doesn't care about having a lawyer in the deal, and the lender looks almost entirely to the insurance company rather than the lawyer if there is any problem with the title. The insurance company doesn't really care one way or the other because the buyer picks up the tab anyway. The result is that only the lawyers profit from this transaction, and they are the ones who decide, through ethical opinions of the bar, that their presence is essential.

Or take another area where there are excess costs built into the system. In this day of rapid turnovers in home owners, title insurance policies will often be issued within a few years of each other, but in many cases there will be no discount allowed the buyer. Yet it is clear that the title examination should only have to be done as far back as the last insurance and that some arrangement should be made so that the prior insurance policy covers the new buyer as well as the former owner. After all, the issuing company wrote the policy for the life of the loan, and in many cases as long as the owner keeps the premises, and so there is no reason to let the company off the hook just because of the sale of the house. Without such carryover benefits—and this is the rule in most instances since even reissue discounts are relatively small—the insurance companies and the title examiners are profiting for services which, viewed objectively, are really unnecessary.

It has been suggested that what is needed in this area is Government control over the charges made for services rendered, and it may be that the creation of a new bureaucracy to determine maximum charge is needed, but I am not prepared to accept that proposition until other solutions have been tried. What I do suggest is that many of these costs would be drastically reduced, and in some cases eliminated entirely if the party which had to bear them was someone other than the consumer who lacks both knowledge and bargaining power. What I suggest is that the lender be required to absorb all of these settlement costs since it is in the best position to determine which ones are necessary and which can be reduced. Moreover, as a continual rather than a one time purchaser of title insurance and title examination services, the lender can shop around and negotiate to obtain the best price from the best available source. There is little question in my mind that once closing costs become the burden of the lender and not the buyer, the law of supply and demand would cause a drastic change in these costs.

Of course, the lender cannot be asked to absorb all of these costs and still charge the same rate of interest and still make a fair rate of return on its investment. Any solution which required the shifting of such significant costs in the absence of proof that lenders were making unreasonable profits would be unwarranted and in the long run self-defeating, since quickly the mortgage market would dry up. This brings me to my second problem and my solution on it.

The home buyer who trys to shop around for the best price on his mortgage is fooled if the only questions he asks are "What is the rate and for how long?" Contrary to popular belief, charges for title insurance *do* vary in some cases, particularly for reissue policies, and all title examination charges are not identical. But even more important are charges for "points" and other miscellaneous items which inevitably add up at the closing when the buyer can least afford it. When these additional charges are considered, and when the qeustion of whether income tax deductions are available for some but not others is brought into the picture, it takes a computer expert to determine whether lender A is cheaper than lender B, even though the monthly payments will be slightly higher with A than B. I know of only

one field in which the variations cause such universal confusion: the special airline package tours which include combinations of plane fares, cars, and hotels in so many varieties and subject to so many conditions of varying significance that one is tempted to throw up one's hands in disgust and leave it to the first travel agent who comes along.

Compare for a moment if you will, the plight of a home buyer with that of an auto buyer. While the car dealer may try to sell you extras, they are truly extras and not the essentials which the home buyer is required to obtain before the house is his. No car dealer would ever try to sell you a car for $2000 and then tell you that if you (or more accurately your finance company) want proof that it is his to sell, that will be extra, as will be the charges to insure the car against fire damage until it is ready for delivery. And when the dealer arranges for financing for you through his affiliate, there are no extra charges of the kind incurred in the home purchase transaction.

While the analogies are not precise, they do suggest a major difference between home financing and other purchasing: the person shopping for mortgage money cannot make his comparisons by looking at a single number—the rate of interest—to make his selection. If that were the only figure to look at before deciding between lender A and lender B, life would be much simpler for everyone and knowledge, which is the prerequisite to competition would for the first time really be available. By requiring the lender to present the consumer with a single interest charge into whch would be built all of the lender's costs, including title examination, insurance, mortgage deeds, *etc.*, we would go a long way towards eliminating the unnecessary charges which are the other major problems in this area. With the lender paying for everything except what can be passed on through higher interest rates, there will be a real incentive on the lender's part to dispense with the unnecessary services and to obtain the vital ones at the best prices. Only if we find that competition between lenders is so poor that none of these savings is passed along to the consumer, will it be time to conclude that this whole field should be regulated like a public utility.

There is one major problem that must be faced. In some jurisdictions the usury laws cover home mortgages, and increases in current rates will run directly into the usury prohibitions. One way in which those laws are "avoided" is by the use of points, but it is obvious that the use of points is misleading and should be abolished. If a system is to be created in which the borrower is given a single rate of interest for a given term of a loan, the problem of usury laws must be dealt with directly and openly. In my view, at least in this important area of major federal concern, the usury laws have long overstayed their usefulness, and the real as opposed to the nominal costs of borrowing have long surpassed the statutory maximums. There are so many ways in which these laws are routinely evaded that they exist only in the minds of their most ardent devotees. Given the shortage of low cost mortgage money, strict adherence to them would prevent many if not most buyers from purchasing their homes. Therefore, it is clearly time to bring the laws of usury into conformity with reality in the real estate mortgage market. Thus, to the extent that state laws are in conflict with the important federal policy of providing a single readily comparable interest figure to the borrower, then the Congress should explicitly preempt the field and overrule such laws officially, as they have been overruled in practice for years.

While I believe that this solution is a sound one, I recognize that some may consider it radical, either for philosophical or economic reasons, or both. I am convinced that it is the only long term solution to the problem of soaring closing costs, and therefore I oppose any creation of a permanent agency to establish maximum costs applicable to all or almost all transactions. Once such bureaucracies get started, they have a way of hanging on forever, and soon become dominated by the groups that are supposed to be regulated by them. Moreover, there is no evidence so far that indicates that mandatory price regulation by the Federal Government is required, and thus it seems appropriate to experiment with solutions short of Government price regulation in this field at least for the present. However, I strongly support continuation of the standby authority which exists to control such costs on FHA and VA home financings because of the strong Federal interest in insuring that persons whom Congress intended to benefit from Federal housing assistance in buying their homes are in fact able to do so. Whether that authority is ever used or not is beside the point, since the possibility that it may be used will help keep a reasonable ceiling on those costs.

On the question of disclosure, I concur with the judgments of the various bills under consideration that a uniform closing statement, delivered in advance would be helpful, although I have serious doubts that it will provide significant improvements in this area. The proposals to establish demonstration projects for land registration systems appear to be extremely good ideas, and in the long run such systems may prove a highly effective way to reduce costs. Correction of abuses in escrow accounts is another important matter although I would hope that the legislative history is made clear that nothing in the bill should be construed to constitute approval of prior practices, or to limit a state which wants to give greater protection to the home owner who makes his tax payments through his mortgagee. There are other matters concerning various technical aspects of the bills under consideration which I will communicate to members of the staff since they are not of sufficient magnitude to take up with this Committee in open session.

In conclusion, let me say that the problems before this Committee are serious and they are complex. It would be a mistake in my view to enact legislation this year simply to impress constituents that Congress is doing something about this problem. Even after basic concepts have been agreed upon, drafting must be done with the utmost care. But it is essential that the approach to the problems be carefully considered and that the solutions be aimed at the future and not only at the present, since short term gains may make long term solutions more difficult to achieve.

EXHIBIT 3

HIGH SETTLEMENT COSTS SPARK SENATE DEBATE

(By Morton Mintz)

The real estate settlement industry—mainly title insurers lawyers mortgage lenders and realtors and consumer forces are struggling over whether to preserve the government's power to put a lid on maximum settlement charges.

Settlements cost home-buyers and sellers more than $14 billion a year, including $390 million in Maryland, $385 million in Virginia and $45 million in the District of Columbia. California is the national leader at $1,632,000,000 and New York is second at $1,234,000,000. Settlement costs are the fees and charges paid incidentally with the purchase of a house.

The national average is $2,816 per transaction, with the biggest single component, being real estate agents' fees and the second-biggest being closing costs. Maryland's average is $4,431, the District's $3,415 and Virginia's $3,408.

In 1970, Congress empowered the Department of Housing and Urban Development to limit settlement charges where the Federal Housing Administration or the Veterans Administration insure the mortgage. Although HUD has never used its power, its mere existence stimulates several states to adopt reform measures of their own. Maryland was among them.

If HUD would set cost standards, said Sen. William Proxmire (D-Wis.), a leading industry critic, "I estimate that at least $1.5 billion a year could be saved."

However, HUD's authority to set cost limits would be repealed under real estate settlement procedure bills that were approved recently by the Senate and House Banking and Currency Committees.

Repeal is necessary because "more time and study is needed," the Senate Committee said in a report on its bill, which is sponsored by Sen. Bill Brock (R-Tenn.).

On Tuesday the Senate will debate an amendment to strike the repealer. The sponsors are seven Democrats, led by Proxmire, Sen. Warren G. Magnuson (Wash.) and Sen. Philip A. Hart (Mich.), and three Republicans, including Sens. Charles McC. Mathias (Md.) and Clifford P. Case (N.J.).

The battle heated up last week with the circulation of a "Dear Colleague" letter signed by the five named senators and of another such letter by Brock, and with a charge—rejected by the Tennessee Republican—that he had made "a deliberate attempt to mislead the Senate and the American people" and should make a public apology on the floor of the Senate.

The letter from the senators seeking to preserve HUD's discretionary power said that the settlement industry would view repeal "as a green light for raising settlement costs without restraint in the noncompetitive settlement market."

Aides to two of these senators told a reporter that the industry has been applying intense pressures on behalf of the Brock bill. Its main supporters, Proxmire said, are "title insurance companies, state bar associations, mortgage lenders, real estate agents and other participants in the . . . settlement process." He intends to support the bill if the repealer is struck and to oppose it if the repealer survives.

Similarly, eight members of the House Banking Committee, in a report on July 9, said that although supporters of the similar House version label it a "consumer protection bill," "not one consumer-oriented organization in the nation favors it" so long as it contains the repealer.

The members included Chairman Wright Patman (D-Tex.), Rep. Parren J. Mitchell (D-Md.) and District Del. Walter E. Fauntroy (D).

The senators attached to their letter a "position paper" signed by the Consumer Federation of America and other consumer interests that generally have been too busy lobbying for a consumer protection agency bill to give much help to Proxmire and his allies.

The paper said that all 44 settlement industry witnesses who have testified on the Senate and House bills supported it. The signers also said that the measures "are not consumer bills," despite their stated purpose: to provide in Brock's versions—"for greater disclosure of the nature and costs of real estate settlement services" and for elimination of "the payment of kickbacks and unearned fees."

One of the signers, Alan B. Morrison of the Public Citizen Litigation Group, made the demand to Brock for an apology in a letter hand-delivered to Brock's office Friday morn-

ing. Brock said Saturday he had not yet seen it.

The dispute originated in Morrison's testimony before House banking. He said in one sentence that "there is no evidence so far that indicates that mandatory price regulation" is required." His next sentence was: "However, I strongly support continuation of the standby authority" in HUD.

Brock cited only Morrison's first sentence in an attachment to his "Dear Colleague" letter, which other senators got one or two days after they had received the consumer "position paper" listing Morrison as a signer.

Brock's ommission of Morrison's second sentence was "a deliberate attempt to mislead," the lawyer charged. "I wasn't trying to misconstrue," Brock said in a phone interview.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

DEPARTMENT OF AGRICULTURE-ENVIRONMENTAL AND CONSUMER APPROPRIATIONS, 1975

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 15472, which the clerk will report.

The second assistant legislative clerk read as follows:

A 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.

The Senate resumed the consideration of the bill.

The ACTING PRESIDENT pro tempore. The Chair will state that time for debate on this bill shall be limited to 2 hours to be equally divided and controlled by the Senator from Wyoming (Mr. McGEE) and the Senator from Hawaii (Mr. FONG), with 30 minutes on any amendment except an amendment by Senator HRUSKA, on which there shall be 2½ hours of debate, and 1 amendment each by Senator NELSON and Senator CASE on each of which there will be 1 hour of debate, with 30 minutes on any debatable motion or appeal.

Mr. McGEE. Mr. President, at the very outset, I want to 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, providing that no point of order shall be waived by reason of agreement to this request.

The ACTING PRESIDENT pro tempore. Without objection, the request will be granted.

The amendments, agreed to en bloc, are as follows:

On page 2, beginning at line 3, strike out the following language:

OFFICE OF THE SECRETARY

For necessary expenses of the Office of the Secretary of Agriculture, including the dissemination of agricultural information and the coordination of informational work and programs authorized by Congress in the Department, management support services to selected Agencies and Offices of the Department of Agriculture, and for general administration of the Department of Agriculture, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department of Agriculture, and not to exceed $15,000 for employment under 5 U.S.C. 3109, $16,773,000, of which $4,054,000 shall be available for the Office of Communication and, of which total appropriation not to exceed $822,000 may be used for farmers' bulletins, which shall be adapted to the interests of the people of the different sections of the country, an equal proportion of four-fifths of which shall be available to be delivered to or sent out under the addressed franks furnished by the Senators, Representatives, and Delegates in Congress, as they shall direct (7 U.S.C. 417), and not less than two hundred and thirty-two thousand two hundred and fifty copies for the use of the Senate and the House of Representatives of part 2 of the annual report of the Secretary (known as the Yearbook of Agriculture) as authorized by 44 U.S.C. 1301: *Provided*, That this appropriation shall be reimbursed from applicable appropriations for travel expenses incident to the holding of hearings as required by 5 U.S.C. 551–558: *Provided further*, That not to exceed $2,500 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary: *Provided further*, That in the preparation of motion pictures or exhibits by the Department, this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

None of the funds provided by this Act shall be used to pay the salaries of any personnel which carries out the provisions of section 610 of the Agricultural Act of 1970, except for research in an amount not to exceed $3,000,000; projects to be approved by the Secretary as provided by law.

OFFICE OF THE INSPECTOR GENERAL

For necessary expenses of the Office of the Inspector General, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $10,000, for employment under 5 U.S.C. 3109, $15,751,000, and in addition, $5,081,000 shall be derived by transfer from the appropriation, "Food Stamp Program" and merged with this appropriation.

On page 4, beginning at line 3, insert the following new language:

DEPARTMENTAL ADMINISTRATION

For necessary expenses of Departmental Administration, including the dissemination of agricultural information and the coordination of informational work and programs authorized by Congress in the Department, management support services to selected agencies and offices of the Department of Agriculture, audit and investigative services, and for general administration of the Department of Agriculture, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department of Agriculture, and not to exceed $25,000 for employment under 5 U.S.C. 3109, $34,495,300, of which $4,054,000 shall be available for the Office of Communications and, of which total appropriation not to exceed $822,000 may be used for farmer's bulletins, which shall be adapted to the interests of the people of the different sections of the country, an equal proportion of four-fifths of which shall be available to be delivered to or sent out under the addressed franks furnished by the Senators, Representatives, and Delegates in Congress, as they shall direct (7 U.S.C. 417), and not less than two hundred and thirty-two thousand two hundred and fifty copies for the use of the Senate and House of Representatives of part 2 of the annual report of the Secretary (known as the Yearbook of Agriculture) as authorized by 44 U.S.C. 1301: *Provided*, That this appropriation shall be reimbursed from applicable appropriations for travel expenses incident to the holding of hearings as required by 5 U.S.C. 551–558: *Provided further*, That not to exceed $2,500 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary: *Provided further*, That in the preparation of motion pictures or exhibits and audit and investigative activities by the Department, this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225): *Provided further*, That, in addition $5,081,000 shall be derived by transfer from the appropriation, "Food Stamp Program" and merged with this appropriation.

None of the funds provided by this Act shall be used to pay the salaries of any personnel which carries out the provisions of section 610 of the Agricultural Act of 1970, except for research in an amount not to exceed $3,000,000; projects to be approved by the Secretary as provided by law.

On page 6, in line 8, strike out "$202,789,000" and insert in lieu thereof "$212,534,000".

On page 7, in line 9, strike out "$6,420,000" and insert in lieu thereof "$8,100,000".

On page 8, in line 9, strike out "$5,000,000" and insert in lieu thereof "$10,000,000".

On page 9, in line 4, strike out "$402,564,000" and insert in lieu thereof "$403,564,000".

On page 11, in line 14, strike out "$77,048,000" and insert in lieu thereof "$81,707,000".

On page 11, in line 22, strike out "$6,606,000" and insert in lieu thereof "$8,349,000".

On page 11, in line 25, strike out "$16,287,000" and insert in lieu thereof "$16,577,000".

On page 12, in line 12, strike out "$102,299,000" and insert in lieu thereof "$108,991,000".

On page 12, in line 23, strike out "$147,294,000" and insert in lieu thereof "$153,230,000".

On page 13, in line 7, strike out "$1,680,000" and insert in lieu thereof "$2,530,000".

On page 13, in line 17, strike out "$211,888,000" and insert in lieu thereof "$218,674,000".

On page 15, in line 3, strike out "$26,818,000" and insert in lieu thereof "$28,043,000".

On page 16, in line 4, strike out "$21,751,000" and insert in lieu thereof "$22,076,000".

On page 17, in line 10, strike out "$39,665,000" and insert in lieu thereof "$39,815,000".

On page 18, in line 10, strike out "$131,400,000" and insert in lieu thereof "$134,200,000 (including not to exceed $1,400,000 to assist local public or nonprofit agencies with the cost of distributing supplemental foods to pregnant and lactating women and children)".

On page 20, in line 8, strike out "$2,-

117,000" and insert in lieu thereof "$3,-117,000".

On page 25, beginning at the end of line 2, strike out "and that such funds shall be used for an agency to carry out the above activities headed by a Sales Manager who shall report directly to the Secretary or Under Secretary of Agriculture".

On page 26, in line 3, strike out "$955,-000" and insert in lieu thereof "$1,295,-000".

On page 26, in line 12, strike out "$10,-000,000" and insert in lieu thereof "$20,-000,000".

On page 27, in line 13, strike out "$650,000,000" and insert in lieu thereof "$750,000,000".

On page 27, in line 14, strike out "$150,000,000" and insert in lieu thereof "$200,000,000".

On page 30, in line 7, strike out "$370,000,000" and insert in lieu thereof "$420,000,000".

On page 30, at the end of line 7, strike out "$350,000,000" and insert in lieu thereof "$400,000,000".

On page 31, in line 22, strike out "$300,000,000" and insert in lieu thereof "$400,000,000".

An page 32, beginning at line 11, insert the following new language:

RURAL COMMUNITY FIRE PROTECTION GRANTS

For grants pursuant to section 404 of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 2654), $7,000,000 to fund 50 per centum of the cost of organizing, training, and equipment for rural volunteer fire departments.

On page 33, in line 1, strike out "$128,682,000" and insert in lieu thereof "$133,682,000".

On page 35, in line 2, strike out "$49,016,000" and insert in lieu thereof "$53,016,000".

On page 35, in line 18, strike out "$103,000,000" and insert in lieu thereof "123,000,000".

On page 35, beginning in line 19, strike out the following language: "*Provided*, That the Environmental Protection Agency may transfer so much of the funds appropriated herein as it deems appropriate to other Federal agencies for energy research and development activities that they may be in a position to supply, or to render:"

On page 35, at the end of line 23, after the word "Provided" strike out the word "further".

On page 36, at the end of line 3, strike out "Provided further, That not more than $7,200,000 of the funds contained in this Act shall be used to fund the development of automotive power systems".

On page 36, in line 19, strike out "$175,668,000" and insert in lieu thereof "$176,668,000".

On page 37, in line 8, strike out "$257,426,000" and insert in lieu thereof "$306,426,000".

On page 38, in line 3, strike out "$52,740,000" and insert in lieu thereof "$53,740,000".

On page 38, in line 8, strike out "$1,400,000" and insert in lieu thereof "$1,700,000".

On page 38, beginning at line 10, insert the following new language:

Notwithstanding existing laws or regulations and because of the mutual benefits arising from research, joint research, and the exchange of research data, the Environmental Protection Agency is authorized to renegotiate a long-term lease for facilities on the University of Nevada, Las Vegas campus, and to enter into an agreement with the University and the State of Nevada for the construction of such additional facilities for the National Environmental Research Center, Las Vegas, including offices, laboratories, and such other facilities as are necessary and desirable.

On page 39, in line 8, strike out the words "not to exceed".

On page 39, in line 9, strike out ", may be transferred from other appropriations available to the Agency, for payments in the foregoing currencies." and insert ": *Provided*, That this appropriation shall be available, in addition to other appropriations to such Agency, for payments in the foregoing currencies."

On page 41, at the end of line 5, strike out "$192,116,000" and insert in lieu thereof "$196,216,000".

On page 43, in line 13, strike out "$122,-643,000" and insert in lieu thereof "$124,-801,000".

On page 44, beginning at line 8, insert the following title:

AGRICULTURE STABILIZATION AND CONSERVATION SERVICE

On page 45, in line 20, strike out "$225,-000,000" and insert in lieu thereof "$200,-000,000".

On page 48, in line 14, strike out "$1,365,000" and insert in lieu thereof "$1,465,000".

On page 49, in line 12, strike out "$996,-000" and insert in lieu thereof "$886,000".

On page 49, at the end of line 20, strike out "$36,219,000" and insert in lieu thereof "$42,569,000".

On page 50, in line 8, strike out "$37,-743,000" and insert in lieu thereof "$38,-543,000".

On page 50, in line 15, strike out "250" and insert in lieu thereof "500".

On page 50, in line 22, strike out "for which it is supplied" and insert "or for other than carrying out specific statutory responsibilities of the Federal Trade Commission".

On page 50, in line 25, after the word "publication" insert "other than pursuant to a formal enforcement proceeding".

On page 51, in line 5, after the word "Commission" insert "duly authorized in the premises".

On page 51, beginning at line 8, insert the following new language:

(4) *Provided, however*, That nothing in this Act shall be interpreted as restricting the Department of Justice, the Securities and Exchange Commission, the General Accounting Office, or the Office of Management and Budget under the same conditions and restrictions applicable to the Federal Trade Commission, or a committee of the Congress, to full access to such information and reports.

On page 51, at the end of line 23, strike out "$1,283,630,000" and insert in lieu thereof "$1,315,630,000."

On page 52, in line 3, strike out "$22,-000,000" and insert in lieu thereof "$34,-000,000."

On page 52, in line 5, strike out "$20,-000,000" and insert in lieu thereof "$40,-000,000."

On page 53, in line 11, strike out the following language: *Provided further*, That no part of the funds appropriated by this act shall be used during the fiscal year ending June 30, 1975, to make food stamps available to any household, to the extent that the entitlement otherwise available to such household is attributable to an individual who: (i) has reached his eighteenth birthday; and (ii) is enrolled in an institution of higher education; and (iii) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household.

On page 55, beginning at line 23, strike out the following language:

SEC. 511. None of the funds provided by this Act shall be used to administer the following provision of section 205(b)(1) of Public Law 92-500, which provides:

"Any amounts so allotted which are not obligated by the end of such one year period shall be immediately reallotted by the Administrator, in accordance with regulations promulgated by him, generally on the basis of the ratio used in making the late allotment of sums under this section."

SEC. 512. Rural Community Fire Protection Grants: For grants, pursuant to section 404 of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 2654), $7,000,000, to fund 50 percent of the cost of equipment for rural volunteer fire departments.

Mr. McGEE. Mr. President, this bill, a very complex bill in some ways, by the nature of responsibility, particularly in the House, contains not only items of the Department of Agriculture and its related measures, but, likewise, includes appropriation funds for consumer affairs and on the environmental questions that relate.

The total sum being reported out by the full Appropriations Committee on this bill is approximately $13.5 billion. That sum of $13.5 billion is $120 million over the budget. It is nearly $150 million above the House figure, and it is approximately $3 billion higher than the appropriations request a year ago.

As we examine those three figures, I would submit, Mr. President, that the only reason the bill is $120 million over the budget is the disagreement with the Office of Budget and Management on the allocation of funds on a priority basis.

The reason that it is nearly $150 million over the House figure is that the Senate respectfully differs with the House in the amount of some of the allocations, and we are preparing to take that $150 million to conference with the House.

The fact that the bill is $3 billion over a year ago will be reflected in many ways, not only automatic salary adjustments that occurred among Federal employees, but also the inflationary costs that need no further detailing at this point.

As a result, we believe that the committee has come up with a very basic and a very responsible appropriation proposal. We realize fully, as we submit this appropriation request, Mr. President, that every Member of this body will have additional thoughts, other

thoughts, or even wiser thoughts about how much money should have been allocated at particular places in the bill. But what the committee sincerely has tried to do is to meet the new requirements and the new responsibilities of budgeting within predictable bounds.

Because of the leadership taken by the distinguished chairman of the Appropriations Committee, the senior Senator from Arkansas, the committee has arrived at an overall budget ceiling figure for this coming fiscal year. In preparation for that ceiling, the Appropriations Subcommittee on Agriculture-Environmental and Consumer Protection, under the leadership of the distinguished Senator from Hawaii, and the Senator from Wyoming, submitted its proposed share of that overall figure well in advance of the consideration of the budget.

It is our sense of responsibility which has moved us to attempt to hold our recommendations within those projections as a part of our measure of cooperation.

I cannot stress strongly enough, Mr. President, how important it is that we seek to preserve the balance that is in this bill and the equitable distribution of funds in a way that will permit the significant agencies of the Department of Agriculture, the Environmental Protection Agency, and consumer agencies to continue to function in their own right with a deep sense of responsibility, and at the same time aspire to a greater degree of fiscal responsiblity as well.

If this budget submission by the Subcommittee on Agriculture that would propose specific appropriations under that budget has any one dominating characteristic, it is the belief that fiscal responsibility this year is a top priority item.

With that in mind, we lay before our colleagues in the Senate the particulars of the appropriations allocations in those categories for fiscal 1975.

Mr. President, I shall now proceed with more detailed comments and explanations of the bill together with more specific data in reference to the appropriations involved.

This bill as reported by the Senate Appropriations Committee recommends $13,553,352,300 in new obligational authority for fiscal 1975. This represents an increase of $147,932,300 over the amount appropriated by the House; $120,489,200 more than the budget estimate for fiscal 1975 and $2,965,251,300 more than was appropriated for these programs for fiscal 1974.

As in the past, the committee has reported this bill under four separate titles. Title I is for agricultural programs for which an appropriation of $6,307,-634,300 is recommended.

Title II, rural development programs, has a recommended appropriation of $837,181,000. For title III, environmental programs, the committee recommends $1,341,749,000. For title IV, consumer programs, the committee recommends $5,066,788,000.

During the course of our hearings many amendments were suggested by way of additions to the budget estimate for various programs throughout the bill. As is usually the case with appropriations bills, most of these amendments were worthwhile and meritorious. But in view of the fiscal constraints under which the committee is operating it was, of course, necessary for the committee to exercise great restraint in the approval of the amendments suggested by several Members of the Senate, of the House and from other interested groups and individuals. The limited number of increases we did approve are generally distributed throughout all four titles of the bill, as is indicated in the summary table which is found at the conclusion of the report which is available to all of the membership here today.

The committee has followed the practice of reporting this bill by the respective titles for the past couple of years because it does indicate a general but imprecise distribution of the funds contained in this bill. For many years the subcommittee which handles this bill considered primarily the appropriations for the Department of Agriculture and it is still generally referred to as the Agricultural Appropriation Subcommittee and the bill is often referred to as the agricultural appropriation bill. To a large extent this is misleading. Even considering just the Department of Agriculture, a major portion of this bill involves the food stamp, school lunch and various other food and nutrition programs.

Actually, these food and nutrition programs have become the one major item in the appropriations for the Department of Agriculture. In addition to the food and nutrition programs, we have many other agencies in this bill, which account for a major part of the appropriations represented in the totals which I have discussed previously. These include the Environmental Protection Agency, the Food and Drug Administration, the Federal Trade Commission, the newly created Consumer Product Safety Commission and many other independent agencies and offices. So while we discuss a bill total of approximately $13.5 billion, we must also keep in mind that this appropriation covers a large and broad spectrum of Federal programs and agencies, in addition to the traditional program of the Department of Agriculture.

To get more to the specifics of the bill, the committee is recommending a substantial increase in those programs of the Department of Agriculture which are grouped under the general heading of science and education. These are programs of the Agricultural Research Service, the Cooperative State Research Service and the Extension Service, which deal both with research and education. During the course of our hearings on the bill this year, commencing with our first day of hearings when Secretary of Agriculture Earl Butz testified, the committee has expressed a deep concern in the need for further agricultural research. Everyone is aware of the production and supply problem which is facing not only the United States but the entire world today. It became apparent during the course of our hearings that the only real promise or expectation we might have for some real and substantial production breakthroughs was through increased research and increased application of the results. It also became quite apparent that at the present rate of research we were falling somewhat behind, rather than making the substantial headway which the committee feels is absolutely necessary in view of both domestic and worldwide conditions.

We were encouraged somewhat earlier this year when the Department's budget estimate posed an increase of almost $17 million for the Agricultural Research Service. During our questioning, Secretary Butz, of course, defended the Department's budget estimate. But he also indicated quite candidly to the committee that he personally would have no objection if the committee saw fit to provide some basic research funds, in addition to those which had cleared OMB and which were submitted to the committee as the official administration request. So after careful consideration and considerable deliberation, the committee recommended an increase of $9,745,000 by way of an increase for ARS over the bill as passed by the House. These individual items are set forth on page 9 of the committee report. Unfortunately, this list by necessity does not include many amendments which were presented to the committee and which were considered to be very meritorious. The list does, however, represent what the committee felt were the most critical areas and thus approved.

Predators and their control has been a burning issue for many years in the discussions of agriculture and environment. The subcommittee has taken a deep interest in this issue, recognizing that legitimate claims and proposals have been advanced on both sides. Predators do cause economic losses, particularly to wool growers. Cattle producers also face serious economic losses because of predators.

But the methods of controlling predator damage raise serious environmental questions. These environmental concerns, based on the long-lasting effects of some of the poisons that have been used in the past to control predators, deserve our serious attention and deserve careful research.

To this end, in order to better understand the ways of the predators and the methods that will control them without unacceptable environmental or ecological damage, the subcommittee has added $500,000 to the ARS for research into predator control. This additional money is complemented by $275,000 contained in the Economic Research Service for additional work on the economic aspect of predator damage. This additional study will be completed this fiscal year. I will further outline that study in a few minutes.

For the Animal and Plant Health Inspection Service, the committee recommends a total appropriation of $403,-564,000 which represents an increase of $8,795,000 over the budget estimate. The major portion of this increase from the budget estimate is represented in an appropriation of $6,700,000 for a proposed new quarantine facility at Fleming Key,

Fla. This is an item in which the committee has long been interested and has consistently urged the Department to present a budget estimate for the construction of this facility. While the Department has supported the construction of this facility and has included construction funds in its original budget proposal, this particular budget request has never been approved by the Office of Management and Budget. The committee feels, however, that this is a badly needed facility and is one on which construction should no longer by delayed. For that reason it has approved the funds to initiate construction in fiscal 1975. The committee has also concurred with the House action in adding $1,500,000 for the imported fire ant program and has also added $1 million to initiate an indemnity program for tubercular swine.

For the Cooperative State Research Service, the agency which cooperates with the State experiment stations, the committee has also recommended a significant increase. As was the case with the Agricultural Research Service, the committee was somewhat encouraged by the fact that the departmental estimates posed an increase of approximately $8,700,000 for the Cooperative State Research Service for fiscal 1975. While the committee welcomed the increased budget estimate it also recommends an increase of slightly more than $10 million over the budget estimates for fiscal 1975.

This agency involved programs in which the committee has great confidence, and is one from which we can expect some significant research contributions in the years ahead. The programs under the Cooperative State Research Service include the highly popular and very successful grants for cooperative forestry research, or as commonly referred to here in the Senate, the McIntire-Stennis program.

The other agency which we include in the programs under science and education is the Extension Service. Here again the committee has recommended a substantial increase from both the 1974 level and the 1975 budget estimates. For the total extension programs, the committee recommends $223,883,000, which is $15,820,000 more than the 1975 budget estimates. Here again, the committee feels that the Extension Service over a long period of years has compiled a most impressive and successful track record. It has contributed much to rural America in the past and we expect that it will continue to contribute in the future. For that reason, the committee was unanimous in recommending this increase.

For the Economic Research Service, the committee has recommended an increase of $325,000, $275,000 of which shall be used to continue and conclude the economic studies which are underway regarding predator losses, predator management and related predator data. And as most members of this body will realize the matter of predator control and predator management is of great concern to those of us in the ranching States, particularly in the Rocky Mountain West. We found that when we attempted to discuss the matter of predator control and predator management we were at a complete loss to obtain any reliable data and statistics on predator control, predator losses or other cost factors and economic data in reference to these vital and important issues. For fiscal 1974, we appropriated money to commence such an economic study and we were highly encouraged by the report that was given to us by representatives of the Economic Research Service during the course of our committee hearings. We are going into this matter in a most detailed and efficient manner. It became obvious, however, that they would need both additional time and money to do the first-rate and first-class job both the Service and this committee wanted. For that reason we have included money for fiscal 1975 in order for the Economic Research Service to conclude this study. For the first time, we will have reliable data on which we can base further action which might be necessary in the area of predator management and predator control.

For payments to States and possessions, under the Agricultural Marketing Service, the committee has recommended an appropriation of $1,600,000 to continue the program involving the payments to States and possessions. This program has been in operation for a number of years and for some reason or reasons which have never been made clear to the committee—the Department proposed to eliminate this program for fiscal 1975. This, of course, was completely unsatisfactory to the committee and there are funds in this bill for continuation of the program at its 1974 level.

For the Public Law 480 program, the committee is recommending $778,473,000, the same as the budget estimate. This amount is broken down between title I—under which sales of agricultural commodities are made for foreign currencies and for dollars on credit terms—the amount of $425,175,000 and for title II—for donation of commodities—$353,298,000.

As the Members of the Senate are aware, when this matter was considered by the House an amendment was added on the floor under which no more than 10 percent of the funds appropriated for the title I program could be made available to any one country. The Department of Agriculture appealed this decision and asked for a removal of this restriction. The Department of State was also quite active in seeking removal of this House-approved restriction. The committee, however, has recommended that this 10-percent restriction as passed by the House be retained in this bill. This is one item in which there was some significant differences of opinion among the subcommittee membership, but I feel that the 10-percent limitation would have little, if any, effect on the Public Law 480 program.

It was made quite clear during the course of debate on the floor of the House when this matter was considered, that this 10 percent limitation applied only to the appropriated funds for the title I program. To be more specific, to the $425,175,000 which will be appropriated for the title I program. It is common knowledge, I am certain, that the Department has other resources from which it can and does fund the Public Law 480 program. The 10 percent House limitation made no attempt whatsoever to reach or restrict these other sources of funding. For example, the Department will have access to something well in excess of $300 million which is available from repayment of prior year sales and uncommitted balances which can be used for the title I program. In addition, it has authority to utilize funds of the Commodity Credit Corporation if that becomes necessary.

For rural development grants, the committee has recommended a program of $20 million, which is an increase of $10 million or 100 percent over the 1974 level and the 1975 budget estimate. While the committee received some requested amendments for an increase in excess of this amount, it appeared that an increase of 100 percent was both significant and realistic, for that reason, that figure was agreed upon.

For the electric program of the Rural Electrification Administration, the committee has recommended a loan level for insured loans of $750 million. For fiscal 1974, Congress authorized an insured loan level of not less than $618 million nor more than $750 million. The Department chose to administer the program at the lower level, which the committee feels is insufficient in view of the obvious and proven needs of the REA program. As I have pointed out on numerous occasions, both in committee and on the floor of the Senate, the repayment record of the rural electrification loans is almost unbelievable. With the many years this program has been in operation and the billions of dollars in loans which have been made, the loss to bad loans is practically nothing. With the repayment record which has been compiled and with the increased needs facing this program and the power industry, the committee feels that the insured loan level of $750 million is thoroughly justified and required. As was the case with last year's bill, the committee has recommended that no limit be placed on the guaranteed loan programs which are available under Public Law 93–32, but again has provided that the Administrator should keep the committee advised of the guaranteed loan activities under this program.

For telephone loans under the REA, the committee has recommended $200 million. As was the case with the electric loan program, in last year's bill the committee provided a dual loan authorization of not less than $140 million nor more than $200 million. Here again, the Department chose to administer the program at the lower level which is clearly insufficient if we are to even commence to meet the financial requirements of the rural telephone program. For that reason, the $200 million loan program was recommended for fiscal 1975, with the provision that $50 million of this amount should be made available for the 2 percent interest loans which are authorized under criteria set forth in the authorizing statute.

For insured loans under the rural housing insurance fund, the committee has approved the House-passed figure of $2,282,000, which is $160 million more than the budget estimate. This increase will provide $150 million more for low-income housing loans to individuals for purchases of new homes and $10 million for insured farm labor housing loans. The committee is also recommending $5 million for rural housing grants for domestic farm labor and $4 million for the mutual and self-help housing program. In each of these cases there was no budget estimate, as the Department proposed to terminate these programs. The committee has not concurred in this proposed termination and has included these grant funds in the fiscal 1975 bill.

For insured real estate loans under the agricultural credit insurance fund, the committee has recommended $420 million, which is an increase of $50 million over the budget estimates. The $370 million which was authorized for insured real estate loans from this fund for fiscal 1974 was insufficient. The committee felt that the additional $50 million in loan authority was both highly justified and necessary in view of the ever-increasing demands for financing of real estate acquisitions with the help of the Farmers Home Administration.

For rural water and water disposal grants, the committee has concurred with the House action which provided for $225 million for this program to be obtained from a transfer of this amount from those funds which are currently impounded in the water and sewer grant program of the Department of Housing and Urban Development. These funds were made available to HUD in the appropriation bill for fiscal 1972 and have been frozen since that time. This program has been terminated by the administration. The House provided these funds by transfer and the committee concurred that it would be highly advantageous if these funds could be made available for an active program, such as that administered by the Farmers Home Administration. The use of these funds for the Farmers Home Administration program is certainly consistent with the purpose for which they were originally appropriated under Housing and Urban Development. Under the FHA program they will most certainly be put to good use, which the committee feels is much better than having them retained or impounded by the administration, with no benefit to anyone.

Under the rural development and insurance fund, the committee has recommended an increase of $70 million over the budget estimate for water and sewer facility loans. This will provide $470 million in loan authority, the same as the fiscal year 1974.

For industrial development loans, the committee recommends $400 million, which is the same as the budget estimate and $200 million more than for fiscal 1974. The House reduced this loan authority by $100 million and the committee has recommended a full restoration of this House reduction.

For community facility loans, the committee recommends $200 million, which is the same as the budget estimate but which is four times the $50 million available in fiscal 1974.

The committee has also recommended approval of $7 million for grants under the rural community fire protection program. This is a program which is authorized by the Rural Development Act but which has never been funded or implemented by the Department or the administration. The appropriation of these funds will allow the Department to proceed with implementing this program and assisting the rural areas throughout the country in the upgrading and further development of its fire protection facilities and activities.

The committee has also recommended an increase of $5 million for salary and expenses for the Farmers Home Administration. This agency within the Department has continuously been called upon to assume more responsibility and administer programs of increasing magnitude. The committee feels that its personnel resources have not kept the pace with the increased workload and demand upon its personnel. While the Administrator testified that no additional personnel were needed, the committee feels otherwise and has made available the additional $5 million.

For the Environmental Protection Agency, the committee has recommended a total increase of $75 million over the House bill. The committee reviewed the EPA budget very carefully and had the advantage of the testimony and suggestions of members of the Legislative Committee which has jurisdiction over most of the programs involving the Environmental Protection Agency. In many cases, the committee felt that some individual programs and activities within EPA had been ignored or significantly underfunded. For that reason, this rather considerable and significant overall increase has been suggested. Most of this increase falls within the abatement and control programs of EPA. But others are distributed throughout various other programs of the Agency. On page 50 of the report is a breakdown of the Agency budget data by media which include the 1975 budget request, the House bill and the Senate recommendations. While this increase is a sizable one, both in terms of the dollars involved and percentagewise, I can assure my colleagues that these recommendations were made only after very careful study and with the feeling of the committee that they were badly needed if we are to continue to attack our environmental problems in a timely and responsible manner. I would add also, that the $75 million increase is but a relatively small portion of the many recommended amendments and increases which were proposed to the subcommittee. Here again, only those which we considered to be highly meritorious and critical were approved for increased funding.

For conservation operations of the Soil Conservation Service, the committee has recommended $196,216,000, which is $3,390,000 over the budget estimate. Of this amount we provided an increase of $3,800,000 to allow the SCS to conduct soil surveys in the four-State area of Wyoming, North Dakota, South Dakota and Montana that in all probability will be involved in extensive strip-mining operations within the immediate future. This area, known as the Fort Union Formation, is underlain with high quality coal which can be reached and mined by strip-mining methods with relative ease and highly efficient operations so far as the financial situation is involved. In order for any such extensive and massive strip-mining to proceed, however, it is absolutely necessary that not only the Federal agencies but private developers and local authorities have the benefit of the technical knowledge and expertise which can come only from adequate soil survey activities.

I think it has been made abundantly clear in recent months that the western area of the United States, under which these vast coal deposits lie, is somewhat reluctantly resolved to the fact that we will have to make our contribution to resolve the energy crisis which faces all of us at the present time.

Recognizing this fact, however, does not mean that we are willing to open up our land to the rape and ravages which have occurred in various other areas of the United States. We do not want scars and wounds opened up in our landscape which will remain scars forever. We are prepared, even though somewhat reluctantly, to make our God-given natural resources available for the benefit of the country. But the minimum we expect and demand is that these resources be produced in an efficient and responsible manner.

The basis, and the only basis, from which we can proceed toward this goal is the development of an adequate soil survey and the resulting information which can be used as a proper tool for land use planning and resource development. While this goal cannot be accomplished in 1 year or 2, the committee does place an extremely high priority on this activity. For that reason, it has provided the increase of $3,800,000 for initiation of this critical work by the SCS.

The committee has also recommended an appropriation of $20 million for continuation of the Great Plains program. This is a program which has been highly popular and successful in the Great Plains area and is one which had been proposed for termination by the Department. The committee was unanimous in its recommendation that this program be continued under the administration of the Soil Conservation Service.

The committee has rejected the proposal of the Department to establish a new program—The rural environmental program—which would combine several existing programs namely, the rural conservation program, the Great Plains program, the water bank program and the emergency conservation program. The committee has concurred with the House action in maintaining each of these programs as they had been established and maintained in the past. Accordingly, therefore, the committee has not provided any funds for the newly proposed rural environmental program, but has provided individual funds for the water bank program, the Agricultural conser-

vation program and the emergency conservation program, in addition to the Great Plains program which I discussed previously. The committee has also recommended an individual appropriation for the forestry incentives program.

Perhaps the most troublesome problem we had in the bill this year was that of the Federal Trade Commission and more particularly the so-called line-of-business reporting proposal of the Commission. Based on the authority which was given the Commission in the so-called Alaskan Pipeline Act, which was passed by Congress late last year, the Commission proposed to submit its line-of-business questioning to the 500 largest corporations or conglomerates in the United States. The House action reduced this figure to 250 rather than 500 and provided some restrictions on the confidentiality of any material obtained from this survey of the 250 participants.

This was a matter on which there was a divergence of opinion within the subcommittee and the full committee and, of course, many of our colleagues who are not members of the committee had also expressed a very deep, genuine and understanding interest in these issues. After considerable deliberation, the committee reached a position on these issues by way of compromise which I think are generally acceptable to most of the individuals and interests involved. Like any good compromise, I do not believe that any of these individual conclusions or recommendations meet with the unqualified approval of anyone involved, but I will say that my colleagues on both the subcommittee and the full committee made a very genuine and dedicated effort and I might add a successful effort to reach some accommodation on these issues. I believe we were successful in doing that. Perhaps some of my colleagues on the committee will have more to say about this matter as it is considered on the floor. But in the meantime, I feel that the report and recommendation of the committee is a very acceptable compromise solution to some very delicate, detailed and involved matters. As the committee report indicates, this is a matter which the committee will continue to review and scrutinize very closely and I am sure that all parties concerned, including the Federal Trade Commission, recognized this fact and will act accordingly.

Mr. President, that concludes the remarks which I have to offer by way of highlighting or summarizing the bill now before us. As you are aware, I have passed over many items without mentioning them, not because they are not important but, generally speaking, they are those on which the committee did not take any action significantly different from that proposed by the budget estimate or the House bill. At this point I shall be glad to yield to any of my colleagues who want to raise any questions or discuss any other part of the bill.

We have added $850,000 to the budget for pest management to enable the Extension Services to assist producers in carrying out expanded boll weevil management practices in all infested areas of the Cotton Belt. These pest management programs were initiated in 1971 on a pilot basis with emphasis on cotton insects. They have proved very successful in terms of better insect control and higher yields while reducing insecticide usage in the pilot areas by 35 to 50 percent.

In the boll weevil area, emphasis is on the physical inspection of fields by "insect scouts" to determine population levels, timing of insecticide treatments when needed, and practices in the fall to reduce population going into winter hibernation. These are properly the functions of the Extension Services.

Pest management has proved to be a much needed and effective alternative to the regular control programs which are based almost entirely on the use of insecticides. Pest management practices are applied and paid for by farmers, but the Extension Services provide professional assistance in organizing the programs and in educating growers on the practices to be followed.

The boll weevil has been singled out for emphasis for two reasons: First, it is the Nation's most damaging agricultural insect and second, a plan to eradicate the boll weevil is being developed and this will be a massive program once it is inaugurated. A pilot eradication program was completed last year which demonstrated the technology now available to eradicate the boll weevil.

By expanding boll weevil management practices now to all areas, immediate benefits will accrue to producers and the Nation, and conditions will be created to make the eradication effort easier and less expensive when we are able to proceed.

Mr. President, the senior Senator from Idaho (Mr. CHURCH) has discussed with me a situation we have in his State in reference to the program of the Department of Agriculture in consolidating various Agency offices.

I know that this is a sensitive situation particularly in the Western United States. Senator CHURCH advises me that in Idaho the Department is closing some offices and consolidating others with the result that some communities are left without any local offices or representation from the Department of Agriculture. This apparently is occurring in areas in which towns are few and far between and is placing a hardship on many people who utilize the services of the various agencies of the Department.

Departmental officials have advised me that they would be sensitive to the needs of particular areas as this plan is being implemented and I trust they will be. I have assured the Senator from Idaho that we would work with him to make certain that his constituents will not be placed at any disadvantage in the implementation of this program.

Mr. President, in closing, I ask unanimous consent to insert in the RECORD at this point a statement of the Senator from Idaho (Mr. CHURCH) which he prepared following our recent detailed discussion of this matter.

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

STATEMENT BY SENATOR CHURCH

Mr. President, as the Senate begins consideration of the Department of Agriculture-Environmental and Consumer Protection Appropriation Bill I want to voice my support for the legislation and I wish to commend the distinguished Senator from Wyoming (Mr. MCGEE) for his very able leadership as Chairman of the Subcommittee on Agriculture Appropriations.

I also want to thank the distinguished Senator (Mr. MCGEE) for his personal assurances to me regarding his interest in and offer of assistance in resisting implementation of the Department of Agriculture's reorganization plan where such plan calls for the closure of county Soil Conservation Service, Farmer's Home Administration and Agricultural Stabilization and Conservations Service offices in small farming communities.

These agency offices are now located, and have been traditionally located, in farm communities throughout Idaho. If the USDA reorganization plan takes effect these agencies will be "consolidated" in the bigger cities of my State.

I think it ironic that agricultural offices are to be moved further away from the farms they are supposed to serve. I have maintained that this plan is false economy, which will become all the more evident when new government facilities are constructed for the consolidated offices. The USDA plan which was initially circulated earlier this year called for the closure of local Agriculture offices in Jefferson, Jerome, Owyhee, Fremont, Shoshone, Camas and Boise Counties.

Furthermore, removal of offices out of these Idaho counties will simply add expense, in time and money, for the farmers who will have to travel longer distances, in order to transact their business with the FmHA, SCS and ASCS. If this initial plan is finally implemented, it appears to me that the bureaucracy will have served itself while sacrificing the interests of those farm families each agency was established to serve.

The initial plan to establish the so-called U.S. Agricultural Service Centers in Idaho caused many Idahoans, including myself, great concern. Not only were several local offices slated for closing but I was concerned that interested citizens may not have an opportunity to voice their opinions and participate in the final decision regarding any reorganization plan. I voiced this concern to the agencies involved and while I received assurances from the USDA that public meetings on the reorganization proposal will be held, I have yet to be informed of any such meetings actually taking place. I'll continue my efforts to see that farmers are fairly represented in this matter.

Mr. HRUSKA. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. McGEE. I am delighted to yield.

Mr. HRUSKA. Mr. President, I ask unanimous consent that my staff member, Mike Granfield, be allowed the privilege of the floor during the debate and vote on this bill.

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

Mr. HRUSKA. I thank the Senator.

Mr. McGEE. Mr. President, I yield to the distinguished ranking minority member of the Appropriations Subcommittee on Agriculture, the Senator from Hawaii (Mr. FONG).

The ACTING PRESIDENT pro tempore. The Senator from Hawaii is recognized.

Mr. FONG. Mr. President, at the outset I wish to commend the distinguished Senator from the State of Wyoming who,

as chairman of the Agriculture-Environmental and Consumer Protection Subcommittee of the Senate Appropriations Committee has done outstanding work on this bill.

I am especially grateful for the capable and effective leadership he has exercised in the consideration of the bill that we have before us today.

As the chairman has already given a detailed explanation of this measure, I shall only comment on some of the highlights.

Mr. President, these are difficult financial times. Within the confines of the bill before us, there are increasing demands being placed upon our agricultural productivity.

There is unparalleled desire for safer and better consumer products. There is deep and continuing interest in protecting and cleaning up our environment.

This bill provides necessary support of the Federal programs to meet these demands, and equally important, reflects the fiscal restraints on our Government.

The total new obligational authority for programs funded in this bill is $13.5 billion, nearly $3 billion more than was available during the past fiscal year.

This sum exceeds the budget estimate by $120.5 million and exceeds the amount approved by the House of Representatives by $148 million.

While at cursory glance these figures may seem excessive, we must examine the increases more closely.

First, the increases provided for agricultural research in the Department of Agriculture. As I am sure all of us recognize, the United States is the world leader in agricultural productivity. This is not only because of our country's rich endowment of fertile land, it is also because of the technological progress that many years of heavy investment in research have reaped.

Sadly, these dramatic increases in productivity have not kept pace with the worldwide demand for food and fiber.

Renewed commitment is needed. Accordingly, the committee recommends the sum of $212.5 million for the Agricultural Research Service, an increase of $10 million over the House action. The committee also increased support for both the Cooperative State Research Service and the Extension Service by $6.7 million.

That, Mr. President, brings me to my second point. We find that despite increases in productivity and high consumer prices, many segments of our agricultural industry are in dire financial straits.

America's farmers are outstanding in their efficiency, know-how, and productivity. Comprising only 5 percent of America's population, our farmers produce more than enough food and fiber for the remaining 95 percent of our population. America's farmers have provided this country with its most salable product on the world market which has been one of the few bright spots in our otherwise declining foreign trade posture.

We would be shortsighted, indeed, to neglect agriculture in America. The committee recognizes this, and has addressed this need through continuing commodity program support and strengthening the rural development program.

This bill provides for the retention of the domestic farm labor and self-help housing programs. It also expands the rural water and waste disposal grant program with a transfer of $225 million in unobligated funds from the Department of Housing and Urban Development.

Greater levels are authorized for the rural electrification, telephone, and farm ownership loan programs. The committee also restored a House reduction of $100 million in the industrial development loan program and doubled the rural development grant program to $20 million.

We have seen a continued stream of young people moving from rural communities to the cities. This tide must be reversed. This bill seeks to aid in that effort by assuring people in rural areas comparable opportunity for decent housing and jobs as is available for urban residents. The bill also provides greater assistance to young people to enter into agricultural enterprises on their own.

Mr. President, in addition, the committee has reaffirmed its deep and continuing interest in the protection of our environment.

Provided in this bill are $123 million for energy research and development activities in the Environmental Protection Agency. Included in this sum are $10 million for demonstration projects on the utilization of municipal and agricultural waste as energy sources and another $10 million for development of alternate automotive power systems.

In EPA's abatement and control program is an increase of $50 million for air and water pollution control activities. The committee also transferred $175 million to the clean lakes and Great Lakes programs.

Furthermore, the committee concurred with the House action to retain the current administration of the rural environmental conservation program, the great plains program, the forestry incentives, the water bank act program and the emergency conservation measures. It was earlier proposed that these programs be consolidated into one appropriation, but the committee believes that the goals of these valuable programs will be better served through individual funding and administration.

It should be noted that, while the committee has recommended appropriations for fiscal year 1975 which exceed the past fiscal year by nearly $3 billion, the bulk of this increase was not within the control of the committee.

Increases for the Commodity Credit Corporation totaling nearly three-quarters of a billion dollars are for the repayment of past years' losses. The mandatory increases in the food stamp program will cost another billion dollars. Pay costs, space rentals, and other required outlays account for much of the remaining increase.

Mr. President, in light of these factors, I firmly believe that the bill we have before us today is a responsible measure and, indeed, a necessary one.

I want to reiterate that we have worked very hard on this bill. We have given every item due consideration, and we have proposed to the full committee and to the Senate a well-balanced program.

Of course, there are many items in the bill whose appropriation could be increased if we had the money. But we are under fiscal restraint, and it is necessary that we keep within that fiscal restraint. The pending committee bill is $120 million over the amount which our subcommittee said earlier this year we would provide in this bill. We are $148 million above the total appropriation which came to us from the House of Representatives, and we are $3 billion in excess of last year's appropriation.

All in all, Mr. President, this is a well-balanced bill, and I urge my colleagues to join me in supporting it.

The PRESIDING OFFICER. (Mr. HATHAWAY). Who yields time?

Mr. McGEE. Mr. President, I yield whatever time is necessary to the distinguished chairman of the committee. He asked for 5 minutes.

Mr. HATHAWAY. The Senator is recognized.

Mr. McCLELLAN. Mr. President, I wish to pay tribute to the distinguished Senator from Wyoming (Mr. McGEE) and the distinguished Senator from Hawaii (Mr. FONG) and their colleagues on the Subcommittee on Agriculture, Environmental and Consumer Protection of the Committee on Appropriations, for their dedicated, conscientious, and able work on this important appropriation bill.

I wish, also, to lend my wholehearted support to the eloquent plea made by the Senator from Wyoming and the Senator from Hawaii that this bill not be burdened with amendments which would greatly exceed the budget estimate proposed by the subcommittee.

The bill before us—H.R. 15472—is the product of months of hearings, study and debate by the subcommittee, which in its deliberations considered and weighed all aspects of the measure. This bill is not perfect; it will not satisfy everyone. No appropriation bill does.

Frankly, I would like to see appropriations reduced. I regret that it is necessary to have a bill of this magnitude. But there are essentials in Government that have to be supported and have to be funded and have to be provided for. There are functions of Government created by statute about which there may be differing opinions as to the merit of the program or of the services and functions to be performed. But once they are established by statute, once they become law, adequate appropriations have to be made in order to carry out those programs. Thus, to carry out the will of Congress and the laws as enacted, it is necessary to make certain appropriations.

But this bill does represent the considered and reasoned decisions of the Members of the Senate most cognizant of the issues, the needs, and the problems involved. As such, it should be approved without change, amendment, or modification, except in those few instances dictated by unforeseen circumstances.

I understand that there are one or two amendments providing for additional funds that are imperative, and those amendments should be adopted. One of them I think is to be offered by the distinguished chairman of the subcommittee. But I want at this time to call to the attention of my colleagues that many other amendments are pending and the prospects are that some of these will be offered. I do not know whether they all will be offered. It is indicated, as of now, that amendments costing up to $1 billion may be offered to this measure.

I would like to leave this thought: We just passed, a few days ago—and the President signed into law—what we call a budget reform bill. It does not matter what that bill contains or what function may be performed under it ultimately. We determine what this Government is going to spend by our vote right here in Congress.

It is time to quite talking out of both sides of our mouth. If you want economy, you have to vote it, and you are not going to get it any other way.

I suggest that, as these amendments are offered here today—other than the ones supported by the committee and to be offered by the committee—it is well for the Senate, the Members here, all to consider whether their vote for the budget reform bill was just merely a gesture or whether they meant it. If they meant it, now is a good time to back it up and to start by defeating amendments that are going to escalate the cost of government. Let us start today, start on this bill, we do not have to wait for a report from the Budget Committee—start now.

I want to again commend the members of the subcommittee. I know that they had many, many requests; and had all been granted, it would have taken this bill to possibly a billion dollars more than the amount the committee has recommended.

I know the stress, I know the strain, I know the persuasion, and I know the pressures that are applied to get more and more appropriations and I think the committee has demonstrated its determination to reduce the cost of government by holding these figures down and by resisting pressures that may have been applied.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to the distinguished Senator from Virginia.

Mr. HARRY F. BYRD, JR. I was interested to note that the Senator from Arkansas states that there are amendments pending which would increase the cost of this legislation, increase the appropriation, an additional billion dollars.

Mr. McCLELLAN. Am I correct about the billion dollars?

A billion dollars pending yet to be added to this bill.

Mr. HARRY F. BYRD, JR. Yet this bill is $2.9 billion more than was spent this past year.

Now, I am not clear as to the parliamentary situation, and, if I may state this question from a parliamentary standpoint, if any of these amendments are adopted, and certainly if all of them are adopted, it may cause individuals to have thoughts as to what should be done in regard to final passage of the legislation as to how one might vote, and what I am interested in ascertaining from the manager of the bill under the parliamentary situation, will all the speaking be done on the bill prior to voting on the amendments?

Mr. McGEE. That is the anticipated procedure.

I might say to my friend from Virginia, right now, that, for obvious reasons, there can be no rollcall votes before 3:30 this afternoon, but we would intend to proceed with the pending proposals that we know of, the amendments of one sort or another, between now and at that time.

That is not a shut-off time; that simply guarantees no votes before then.

If we finish, in other words, the discussing of amendments, there are time limitations on all the amendments, we would set it aside, if the proponents or opponents require rollcall, until the cumulative moment of 3:30, or the soonest time thereafter.

Mr. HARRY F. BYRD, JR. Would there be time between the voting on the amendments and the vote on final passage of the legislation for Senators to express their views?

Mr. McGEE. As long as the time allowed on the bill, which is 2 hours, has not been used up.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. McCLELLAN. Mr. President, as it is known, we live in a time of economic unrest and fiscal crisis, skyrocketing prices at the supermarket, a plummeting stock market, stagnated industrial production and a depressing lack of confidence in the future of the dollar.

The Senate—and the Congress as a whole—have no more important and vital task confronting it than to provide our people with a stable economy, a sound dollar, and an eventual return to balanced budgets.

On all sides, we hear suggestions for a massive reduction in the budget. Dr. Arthur F. Burns, the Chairman of the Federal Reserve Board has called for a $10 billion cut. William Simon, the Secretary of the Treasury, has reportedly presented the President a list of potential reductions totaling $20 billion. Dr. Herbert Stein, the Chairman of the President's Council of Economic Advisers, has called for a return to the "old fashioned religion" of reduced Government spending.

I would like to say, Mr. President, at this point, that if the Secretary of the Treasury, Mr. Simon's recommendation to the President has merit, if the President agrees with them, I think it is his duty to promptly send to the Congress a rescission of those parts of his budget with which he agrees with the Secretary of the Treasury where cuts now should be made.

It makes it a bit confusing, now, the Secretary of the Treasury making recommendations to the President to cut $20 billion out of his budget and the President not responding thereto or not advising the Congress whether he agrees with the Secretary of the Treasury. I think we are entitled to know it if he does, and the President, by not sending message down here would not, to me, indicate consent thereto or agreement therewith, but just the reverse, because I think it is his responsibility to advise us if in his judgment his budget should be further reduced.

Nevertheless, Mr. President, in the final analysis, the responsibility for helping put our Nation's fiscal affairs in order rests with the Members of Congress.

That is one of the great faults. We cannot fully finance all the programs we have already adopted and authorized, but we keep authorizing new ones, and there is no way we will ever catch up and have a balanced budget if we keep authorizing more programs, the cost of which exceeds the revenues.

There is no better way for us to begin to meet this challenge than by weighing and accommodating priorities so that spending is kept within the bounds of revenues. If we are going to establish and maintain a responsible fiscal policy that is essential to national solvency and a stabilized economy then let us begin today by exercising restraint and prudence in our approach to this bill.

There is no better place for us to begin to meet this challenge—to exercise this restraint—than in the debate on and in the further processing of this bill, as we weigh the amendments that are going to be offered to it.

The American people are looking to us for leadership in this crisis—and we must provide it.

Bear in mind that not all of the responsibility is on the President who submits a budget, ultimate responsibility in my judgment rests upon us and I think our constituents are aware of it.

Again, I want to reiterate for the RECORD that I hope we begin now on this bill practicing what we preached in the passage of the budget reform bill.

We can start by holding this bill down to what the committee's recommendations are. Hold it there and keep it there and reject these amendments that would greatly increase the cost of these agencies that are covered by this measure.

We can begin today. Today we can begin testing ourselves whether we meant what we said by this gesture in the reform budget measures.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. McGEE. I want to thank the Chairman of the Appropriations Committee for his forthright assessment of the dimensions of this bill and the responsibilities that it calls from this body if we are to live up to the commitments that we have all undertaken in the Senate of the United States.

Now, Mr. President, I ask unanimous consent to proceed to what has now become a technical committee amendment. I send it to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 51, line 24, strike "$641,601,000" and insert in lieu thereof "$541,601,000."

Mr. McGEE. Mr. President, I propose this amendment since the situation involving the so-called section 32 funds within the Department of Agriculture has changed rather drastically since the 1975 budget estimates were submitted to Congress and since we held hearings on these budget proposals. As a matter of fact, this situation has changed rather drastically within the past day or so and the amendment which I have proposed would tend to alleviate a rather critical situation which is facing the Department at the present time.

For a number of years Congress has drawn quite heavily on the section 32 funds in implementing the school lunch and various other food and nutrition programs which are administered by the Department. In many of these programs the Department makes an allocation of these funds and their proposed allocation is contained in the budget estimates which are presented to Congress annually. In addition to the allocations which are somewhat within the discretion of the Department, Congress has during the past several years mandated that section 32 funds be used for a number of programs. For example, recent legislation served to mandate an additional $120 million for increased reimbursement under the school lunch program and an additional authorization and mandate for $60 million under the so-called WIC program.

As a result of these two mandates and due to some revision in estimates on the entire section 32 program, the Department now estimates that they face a deficit of approximately $90 million in the section 32 account. Unless we do something in this bill today this will have drastic consequences for various programs. Accordingly, therefore, I have proposed this amendment which would reduce the amount of section 32 funds which would be transferred to the child nutrition programs. The amount of this reduction would then be available to cover the deficit which the Department now faces and would provide it with a modest amount to enable it to make additional purchases of commodities under the section 32 program as might become necessary. I want to make it clear, however, that the amendment does not in any way reduce the total amount of funds available for the child nutrition programs and the reduction of section 32 funds which carry with it automatically an increase of funds which are directly appropriated. In other words, we would still have $1,315,630,000 available as set forth on page 51 of the printed bill now before you.

In all probability, this amendment will not take care of the needs of the Department for the balance of this fiscal year and it is not intended to do so. As I indicated previously, this matter arose quite suddenly and following subcommittee and committee action on the bill. My amendment, at best, is to be considered as a stop-gap emergency type measure. The Department, of course, will have to reassess this program in further detail and this might require some additional adjustments or appropriations and these of course, can be reached by way of a supplemental appropriation bill later in the year. When this matter was brought to my attention, however, I felt it was incumbent upon me as chairman of the subcommittee, to assist the Department in any way possible to alleviate this most difficult situation in which it has found itself.

While I am not at liberty to propose this as a committee amendment, since it has not been considered by the committee, I have discussed it with the Senator from Hawaii (Mr. FONG) the ranking minority member and with the Senator from North Dakota (Mr. YOUNG) the ranking member of the full Appropriations Committee. I have also checked it with the distinguished Senator from Arkansas (Mr. MCCLELLAN), chairman of the Appropriations Committee, and they have all advised me that they have no objection to the adoption of this amendment. This, of course, will put this amendment in conference with the House. Accordingly, Mr. President, I move adoption of the amendment.

Mr. President, this amendment was simply prepared to deal with a sudden emergency that has occurred budgetarily in the so-called section 32 funds. They are now suddenly depleted, having been drawn upon over the years for food and nutrition programs pretty much at will. To avoid the embarrassment of a depleted funding operation upon which there are still draw-downs called for in this bill, we are required to reduce that draw-down in this particular amendment by $100 million, in order to keep it fiscally responsible.

Mr. President, we have consulted together on this matter. We have consulted with the chairman of the full committee and the ranking minority member of the committee, and there is unanimous agreement that it would be necessary and proper to adopt this modification as the first amendment.

Mr. FONG. Mr. President, the explanation made by the distinguished Senator from Wyoming for this amendment is correct, and I am in agreement with him that this amendment is necessary.

The PRESIDING OFFICER. Is all remaining time on the amendment yielded back?

Mr. FONG. Yes.

Mr. McGEE. Yes.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Wyoming.

The amendment was agreed to.

Mr. McGEE. Mr. President, I am prepared to yield now to the distinguished majority whip of the Senate, the Senator from West Virginia.

Mr. ROBERT C. BYRD. I thank the distinguished senior Senator from Wyoming, the manager of the bill.

Mr. President, shortly after World War II many West Virginia farmers were advised to grow the multiflora rose. These farmers were incorrectly advised by the Soil Conservation Service that the multiflora rose would not spread. Thereafter, however, they having planted miles and miles of multiflora rose fences and hedges, these plantings spread to the point where they have now literally captured substantial acreage in the State of West Virginia. I have received many letters from my people complaining about this problem.

The multiflora rose is proving to be extremely bothersome in West Virginia, and the same may be true with respect to some of the other States. I am advised that the Agricultural Stabilization and Conservation Service of the Department of Agriculture might be able to deal with this problem if it were given the flexibility needed to deal with such emergency conservation situations in general, and, in particular, with a very noxious and troublesome weed such as the mulitflora rose.

My distinguished senior colleague (Mr. RANDOLPH) and I are prepared to draw up an amendment which would give the agency the flexibility that it needs. I understand that it would require no-year funding, and that this would give it the flexibility to reprogram any unused funds at the end of the year. This would enable the agency to deal with an emergency situation of the kind I have referred to. But my colleague and I also realize the problems that confront the managers of the bill, the fact that this might constitute a difficult change and an abrupt change, and that there would be problems with the other body in conference.

Senator RANDOLPH is here on the floor and will speak for himself, but I want to join in asking the manager of the bill if there is any advice that he might bring to us at this time which we could follow in pursuing the solution to this troublesome problem, either today or in the course of the handling of the supplemental appropriation bill or the next regular appropriation bill, and whether or not the manager would suggest hearings on the problem.

I would welcome the counsel of the distinguished chairman of the subcommittee on which I serve, and I know that my able colleague is prepared to welcome the same. We would like to have some action today, but if this is impossible, we would like the counsel of the manager of the bill as to how we might best proceed to deal with this problem which is confronting our constituents in West Virginia.

Mr. RANDOLPH. Mr. President, I am grateful to the able chairman of the subcommittee for giving to Senator BYRD and myself the opportunity to discuss this very serious problem, which affects West Virginia, particularly the farming countryside of our State. I do remind our colleagues we have referred to West Virginia as the second most rural State in the Nation, Vermont being first, I believe, among the States. So sometimes people do not realize, really, the farming strength of a State like West Virginia.

It has been well said by my able and diligent colleague from West Virginia (Mr. ROBERT C. BYRD) that this is a concern which we share increasingly these days because of recent conferences and communications on the need to eradicate the multiflora rose in our State. Farmers in our State have conferred not only with us and with others in our congressional

delegation, but they have also brought the matter to the attention of the Federal officials in the Department of Agriculture, and they have discussed with the Soil Conservation Service these matters of very real concern.

Senator BYRD and I know of the very genuine concern of our Commisioner of Agriculture, Gus Douglass, and the many members of our State legislative body who have been thinking in terms of what might be done at the State level that would help to eradicate what has become a noxious weed in West Virginia.

It was my responsibility to outline this serious problem by letter to the distinguished chairman of the subcommittee handling this bill on agriculture appropriations. My distinguished colleague from West Virginia (Mr. ROBERT C. BYRD) is aware of this communication, and has discussed it in detail with the subcommittee chairman. We are working together closely on what might be accomplished.

In that letter I spoke of the multiflora rose in some cases reaching a height of 20 feet. It has consumed parts of the countryside in many portions of our State, and, as Senator BYRD has said in documenting the record, shortly after World War II farmers in West Virginia were advised to grow these plants as "living fences" and the Soil Conservation Service incorrectly told our farmers that it would not spread. So miles and miles of multiflora roses were planted as living fences and hedges to provide cover for smaller animals and fencing for larger animals. Now our State has a serious problem: With the spreading, caused by bird "droppings" and sprouting roots, the estimates for eradication of the multiflora rose in just West Virginia range from $5 to $8 million. In a three-county area almost 1,300 acres are more than 75 percent infested. Because this is a very real problem Senator BYRD and I feel that it might be appropriate to present an amendment for consideration in the subcommittee.

We want to be realistic about a matter of this kind. Our amendment, if offered, would, provide that any unobligated funds under the agricultural conservation program would remain available at the end of the fiscal year, and the Secretary of Agriculture would have the authority to relocate the funds among the various States.

There are few programs, which do not have a "no-year" funding provision. ACP is one of these.

Mr. President, I ask unanimous consent to present my letter to Senator MCGEE for the RECORD; a draft of a possible amendment to agriculture appropriations; and a letter from EPA explaining the legal possibility of West Virginia using what Commissioner Douglas has found to be the only effective herbicide for eradicating multiflora rose—Tordon 10 K.

EPA Regional Administrator Dan Snyder has advised me of a meeting between Federal and State officials to insure safeguards for the herbicide's use.

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

JULY 18, 1974.

Hon. GALE W. MCGEE,
Chairman, Agriculture, Environmental and Consumer Protection Subcommittee, Committee on Appropriations, Washington, D.C.

DEAR GALE: This letter refers to a possible amendment to the Agriculture Appropriations bill which I feel would improve the operations of the Agricultural Conservation Program. I regret bringing this to your attention at this late time. However, this matter was first outlined to me on Monday. Additionally I was not able to secure the revised bill and committee report until late last night.

In West Virginia a troublesome noxious weed known as multiflora rose, in some cases twenty feet high, has consumed many parts of our State. Shortly after World War II farmers were advised to grow the plants. The Soil Conservation Service incorrectly told them that it would not spread and miles and miles of multiflora rose were planted as "living fences" and hedges. Now our State has a serious problem. Estimates of eradication of multiflora rose in West Virginia range from five to eight million dollars.

The Agricultural Stabilization and Conservation Service realizes our State's problem but has pointed out to me that any unused funding in the ACP program is lost at the end of the fiscal year. ACP is one of the few programs in ASCS without "no-year funding".

I would appreciate very much your careful attenion to the attached amendment to the Agriculture Appropriations bill which would provide for ACP's use of its appropriations until expended.

I realize that no hearings were held on this particular subject but after informal discussions with Department of Agriculture officials and Senate Agriculture staff it is my belief that no-year funding for ACP should be provided so that proper reallocation of funds could occur for troublesome areas. West Virginia's legislators and Agriculture officials strongly urge this proposal in order that millions of dollars will not be lost for this important program.

I genuinely appreciate your attention to this request. This amendment would enable the Agricultural Stabilization and Conservation Service to use flexibility in dealing with emergency situations and costly conservation programs. It is because of such problems as the multiflora rose and the ASCS's inability to deal with it that I strongly believe this amendment is necessary.

With sincere thanks and with best wishes, I am

Truly,

JENNINGS RANDOLPH.

SUGGESTED AMENDMENT TO THE AGRICULTURE APPROPRIATIONS BILL

(By Senators JENNINGS RANDOLPH and ROBERT C. BYRD)

On Page 45, line 3 after "inclusive" insert: *"Provided,* That any unobligated balances remaining from the 1973 and 1974 programs may be redistributed at the discretion of the Secretary based on conservation needs, except that no State shall receive an increase of more than 15 per centum of its current years allocation from these unobligated balances:"

On Page 45, line 3 after *"Provided;"* insert: *"further,"* and delete "," after *"Provided"*

On Page 45, line 21 after "administration" insert: "except that any portion of the amount authorized for the 1975 program which is not obligated by the end of the program year shall remain available for obligation for subsequent program years, and"

On Page 45, line 25 after "community)" insert: *"Provided further,* That any unobligated balances remaining from the 1975 and subsequent years programs may be released by State committees and redistributed at the discretion of the Secretary based on conservation needs, except that no State shall receive an increase of more than 15 per centum of its current years allocation from these unobligated balances:"

U.S. ENVIRONMENTAL PROTECTION AGENCY,
Washington, D.C., July 18, 1974.

Hon. GUS R. DOUGLASS,
Commissioner, Department of Agriculture, State Capitol, Charleston, W. Va.

DEAR MR. DOUGLASS: Confirming our telephone conversation of July 16 with regard to the State registration of TORDON 10K pellets for treatment of multiflora roses in pasture land in West Virginia, our Enforcement Division has made the following statement:

"If a properly labeled federally registered TORDON formulation is shipped into the State of West Virginia and repacked or reformulated, this would constitute a new pesticide product within the meaning of the Act. The newly repacked or reformulated product would not, at this time, be subject to the provisions of the FIFRA, as amended, unless this new product was introduced into interstate commerce. The new product would be subject to the provisions of the State of West Virginia's pesticide Act. However, it should be noted that all intrastate products will become subject to provisions of the Act as of October of 1974."

I would point out that in my conversations with DOW they do not intend to register this product Federally but have plans to apply for registration of a new granular material, presumably with better characteristics for use. We would note the present 10K product is rather toxic and needs to be handled with appreciable care.

I would also like to bring to your attention that when Mr. Campt from our Registration Division talked with Mr. Gillespie he did suggest that there are some materials including salts and esters of 2,4,5-T that are available for treatment of wild roses in pasture areas and you might consider these to solve your problem. It is my understanding, however, that you indicate that these materials present some problems with use due to terrain conditions.

We will be pleased to work with you in whatever way we can to assist you with your problems during the immediate growing season. Please let me know if there is anything further I can do for you.

Sincerely yours,

HENRY J. KORP,
Deputy Assistant Administrator for Pesticide Programs.

Mr. RANDOLPH. What we are attempting to do, as Senator BYRD has said, is to determine what the chairman would say about the possibility of not only hearings but possible attention to this matter on a forthcoming appropriations bills.

I would like to suggest that this amendment could be made a matter of attention for the supplemental appropriation. Would the Senator from Wyoming (Mr. MCGEE) give me his feelings about this suggestion?

Mr. MCGEE. Well, first I think that the colloquy we are having right here underscores its urgency and its merit. This has come up very suddenly.

Mr. RANDOLPH. Yes. That is correct. This problem was first brought to my attention last Monday.

Mr. MCGEE. There is nothing we could have done about it earlier.

Mr. RANDOLPH. No. On July 15, representatives from our State of West Virgina met with Federal and State officials for the purpose of finding alternatives for funding to curb multiflora rose, either through the Agricultural Stabilization and Conservation Service or the Soil Conservation Service.

Those attending the meeting were Gus R. Douglass, commissioner of agriculture in West Virginia; Billy B. Burke, West Virginia House of Delegates; Russel Beall, West Virginia State senator; Glenn Weir, Associate Administrator, ASCS; Ray Hunter, Director, Environmental Quality and Land Use Division, ASCS; Mel Davis, Assistant Administrator, Soil Conservation Service; Charles Phillips, Resource Development Division, SCS; and Daniel J. Snyder III, Regional Administrator, Environmental Protection Agency. SCS advised me it can only provide technical assistance. ASCS officials said that funds for the agricultural conservation program which are not used at the end of the fiscal year are lost. If ASCS could use the funds until expended, the Department could allocate funds not used by one State and give them to another State. This amendment would enable ASCS to use flexibility in handling not only emergency situations but costly conservation programs.

For example, Mr. President, Tordon 10K, an effective herbicide for eradicating multiflora rose, now costs in West Virginia as much as one dollar and fifty cents to two dollars. The small farmer can hardly afford this. Yet his meadows, cropland, and grazing land for animals continue to shrink because of the spreading multiflora rose. They are becoming very frustrated. Under this amendment ASCS could properly deal with such situations; now it cannot.

Mr. McGEE. There are some possible procedures there that lead us to advise against adding it at this late date to the appropriation bill. But, after the discussions that we on the committee have had with the two distinguished Senators from West Virginia, we would recommend that we mobilize at the earliest possible time at least a day of hearings or a part of a day of hearings in order to lay out its full dimensions so that we do have a record to proceed from. The target will then be the first supplemental, and the subcommittee would be prepared in any way to cooperate and to expedite this matter because we agree as to its urgency.

One thing that I say almost in a figurative sense is that the Senators have so much trouble in West Virginia with something that grows too well. Coming from the Rocky Mountain areas and the high altitudes, we would give anything to import this to some of our less fertile areas out there, and just let it grow. If it grows, and it is green or it is red, whatever it may be, we would be thoroughly delighted with it.

So, perhaps, we can even expedite it by having an exchange program of some sort. We can give you some of the rocks we have out there that are very beautiful. But, indeed, and very seriously, we would propose to expedite this without delay.

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

Mr. RANDOLPH. I add thanks also to the Senator's handling of this matter.

Senator BYRD and I have had the privilege and pleasant responsibility of being in West Virginia this week, and in those verdant valleys and rolling hillsides, we find the strength of this Nation from the standpoint of growing products that take care of an America that increasingly is going to need the productivity of the countryside and the strength of our farmers who raise these products.

So I believe that the Federal Government certainly has the responsibility to assist in a time like this.

I am not calling for a handout. Many farmers are in dire distress particularly the marginal farmers. This is not just a cursory matter that we bring before the Senate. Senator BYRD has indicated his concern; and I know that the availability to reallocate funds would aid the department in helping us meet this problem.

This is a situation that must have attention in scheduled hearings. Even though Senator BYRD and I had hoped that, perhaps, an amendment might be the appropriate vehicle to use here today, we are very conscious of what Senator McGEE has said. So it will be our desire, I believe, that the Senators from West Virginia have an opportunity to keep very close contact with the Senator and other members of the subcommittee on which Senator BYRD serves so effectively in relationship to this very vital matter which needs action at the earliest possible date.

I express my sincere thanks to the able chairman of the Agriculture, Environmental and Consumer Protection Subcommittee on Appropriations for his counsel this morning and recommending hearings on the troublesome multiflora rose and the no-year funding for the Agricultural Conservation Program. Both of these matters deserve immediate attention, and I am gratified that Senator McGEE shares our urgency in this problem and in setting the first supplemental appropriation as the target date.

Mr. ROBERT C. BYRD. Mr. President, may I add to what my colleague has said, simply to express the hope that the distinguished Senator, who is the chairman of the Subcommittee on Agriculture, Environmental and Consumer Protection, will have the staff communicate with the Department of Agriculture to see if there is not some action which can be taken to give us relief prior to the handling of the next legislative vehicle that may be coming along. There may be some administrative action that can be taken within the present law whereby funds could be utilized for this purpose.

Mr. McGEE. I want to assure the Senator we will explore every possible avenue rather than just wait on a fixed procedure.

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

Mr. McGEE. Time is of the essence.

Mr. President, may I ask what time has been consumed on the bill up until now?

The PRESIDING OFFICER. The Senator from Wyoming has 23 minutes remaining. The Senator from Hawaii (Mr. FONG) has 52 minutes.

Mr. McGEE. Has how many minutes?

The PRESIDING OFFICER. Fifty-two.

Mr. McGEE. Thank you, Mr. President. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, I ask unanimous consent that there be a quorum call without the time being charged to either side until we can locate the Senator from Nebraska (Mr. HRUSKA) who has an amendment that he would like to call up.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McGEE. 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. McGEE. Mr. President, I yield the floor.

Mr. FONG. Mr. President, I yield 5 minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. HRUSKA. Mr. President, I wish to extend my personal appreciation to the distinguished chairman of our Subcommittee on Agriculture, Environmental and Consumer Protection (Mr. McGEE) and the ranking minority member of the subcommittee (Mr. FONG) for their diligent and dedicated efforts on this most important appropriations bill. It has been my privilege to have served on this committee under several chairmen. All of them have been good administrators, good expediters, and fine legislators. I am pleased to say that the Senator from Wyoming has followed in that very fine tradition, which has been the good fortune for this subcommittee.

AGRICULTURE

In the past year there have been many problems for the farmer. Increased costs of production, fluctuating markets, and competition from foreign countries have made economic life for the farmer at times difficult. It has also caused some hardships for the consumer who finds the weekly grocery bill rising with other prices. But we all are consumers. This bill can provide the funds to curb many of these problems.

The demand for food and fiber both home and abroad has severely strained the ability of the agriculture industry to maintain high production in the face of increasing costs. But, farmers and ranchers have not let us down. They are continuing to produce at full capacity. The funds appropriated in this bill will go a long way in assuring that these agricultural products will be available in future years to feed nearly 210 million Americans and countless others who face starvation in other lands.

Often in the past, the American public has viewed the farm bill as simply more money to subsidize farmers. But this is not the case. Out of the $13.5 billion in

this bill, only $1.5 billion goes to fund regular farm programs.

Farmers are now for the most part operating on the free market. Surpluses are gone. Set-aside payments are no longer available. Many programs for farmers are on a cost-sharing basis or are loan programs which support themselves.

A good example of the independence of the American farmer is the plight of the cattle industry. Livestock producers are losing between $100 and $200 a head and the situation is worse than many can remember. Yet, these ranchers and feeders are sticking it out and are staying in the livestock growing and feeding business so long as their financial position allows.

Mr. President, a total of $837 million is recommended for rural development programs which will permit rural communities to improve sewer and water systems. The bill also provides for loan authority up to $750 million for the rural electrification program. All of these programs are directed to making rural America an attractive alternative to the overcrowded and strife-ridden life in many of America's cities.

In addition, the Soil Conservation Service has been funded in the amount of $365.8 million with a number of worthwhile programs such as the Great Plains conservation program, the watershed and flood prevention operations, watershed planning, and general conservation operations which are being continued as separate and in my opinion, constructive efforts to preserve our natural resources.

The bill also provides for $222.5 million for agricultural research activities which give farmers the necessary knowledge and technology to produce more efficiently and to meet the food and fiber needs of the American people. Of special importance are those funds which will go toward the increased production of red meat and increased grain production. I support wholeheartedly the funding increases for these agricultural research activities.

ENVIRONMENTAL PROGRAMS

Mr. President, the committee has recommended $1.3 billion for environmental programs which are to be used to improve and preserve the natural quality of our land and water. This is a newly arrived and highly involved thrust by the Government that reaches into every aspect of human activity. It is an area which goes to the environmental surroundings of each and every American. It behooves us in the Congress to proceed in a measured and judicious manner in the effort to make a positive impact on our environment

Several important programs have been funded this year which will serve to achieve increased efforts in the attainment of a livable environment. The Environmental Protection Agency's role in energy research and development is supported by a new funding level of $123 million. These activities are critical to steps to increase the energy resources of this Nation.

In addition, $176.6 million has been recommended for research efforts in abating pollution, waste management, pesticide control, and noise abatement. Additional funds of $306 million are provided for developing environmental standards, grant support to States, and technical assistance to States and localities.

CONSUMER PROGRAMS

Mr. President, one other aspect of this bill which touches the daily lives of all Americans is funding for consumer protection programs. The health and protection of the consumer is a vital responsibility of the Congress in an age where new biological and technological products are placed on the market every day.

The bill provides for $199 million for the Food and Drug Administration and its activities of developing standards and doing research on drugs, medical devices, foods, radiological health, veterinary medicine and toxic substances. Each of these programs and research activities are directed to making the products used by consumers safer and more effective.

The consumer also needs a certain amount of protection in the marketplace. The best solution is consumer education and information and the regulation of the industries which produce items which may present an unreasonable risk of injury to the consumer. In that regard, the bill recommends $886,000 for a Consumer Information Center and $42.5 million for the functions and activities of the Consumer Product Safety Commission.

LARGE BUSINESS FIRMS REPORTING

Mr. President, there is one item in this bill which I feel has serious overtones for the economic well-being of our Nation's business and investment community. I refer to the recommendation of the Committee that the Federal Trade Commission be permitted to engage in what is commonly called line of business reporting. I will not burden my colleagues any further at this time on this matter since I have introduced an amendment which I hope will prompt lively debate during the consideration of this appropriation bill.

It should be noted, however, that my amendment is not intended to weaken the program and effectiveness of the Federal Trade Commission. Rather, the amendment is intended to strengthen the program by insuring that the agency will proceed carefully and judiciously in the gathering of information which has proprietary and sensitive characteristics, and which is of wide public interest and importance.

CONCLUSION

Mr. President, aside from the matter I have just mentioned, I support this measure and its funding levels. The committee has recommended a funding increase of $147.9 million over the House-passed bill. But, I believe that the funding levels in the bill have been carefully considered by both the subcommittee and the full committee. Every effort has been made to keep new obligational authority within the Administration's budget request. This bill is of great importance, however, to the backbone of the American economy—the American farmer. It is also important to the consumer and to all of us who are interested in seeing our natural resources conserved for many years to come. I would urge my colleagues to give this measure prompt approval.

Mr. President, I ask unanimous consent that a recapitulation of the four titles as to amount of budget request and the amounts allowed in the instant bill be printed in the RECORD.

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

Agency and item	Budget estimates of new budget (obligational) authority, fisca year 1975	Amount recommended by Senate committee
RECAPITULATION		
Title I—Agricultural programs	6,446,547,100	6,307,634,300
Title II—Rural development programs	806,736,000	837,181,000
Title III—Environmental programs	1,143,946,000	1,341,749,000
Title IV—Consumer programs	5,035,634,000	5,066,788,000
Total, new budget (obligational) authority	13,432,863,100	13,553,352,300

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

Mr. HART. Mr. President, will the Senator yield to me for a unanimous-consent request?

Mr. McGEE. I yield to the Senator from Michigan.

Mr. HART. Mr. President, I ask unanimous consent that during the consideration of this matter that David Martin and Bernard Nash may be granted the privilege of the floor.

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

Mr. McGEE. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time not be charged to either 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. McGEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENT NO. 1583

Mr. HRUSKA. Mr. President, I call up my amendment, No. 1583.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 50, line 15, between the words "data" and "from" insert "on sales or receipts".

The PRESIDING OFFICER. Is this the amendment on which the Senator wanted 2½ hours' time allotted?

Mr. HRUSKA. That is correct, Mr. President, I yield 20 minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 20 minutes.

Mr. BENNETT. Mr. President, the distinguished Senator from Nebraska has

just proposed for our consideration an amendment to H.R. 15472, which I wholeheartedly support.

Although this amendment calls for the insertion of four additional words in the bill as reported by the Committee on Appropriations, I believe those words accomplish the very important purpose of wisely limiting at the outset the scope and impact of a controversial new Government program having the profound potential to further open the door to more unwanted Government influence in and control over business decisions made in the private marketplace.

As this appropriation measure now reads, the Federal Trade Commission would receive $305,000 for the purpose of initiating a program for the collection of line-of-business data from 500 business firms as determined by the Commission. The Commission would thus be authorized to require each selected firm to furnish, with respect to each of its products, data on sales, revenues, profits, assets and expenditures, including those for research and development, media advertising, and all other overhead costs. The measure would also authorize the FTC, the Department of Justice, the Securities and Exchange Commission, the General Accounting Office, and the Office of Management and Budget to use the reported data for statistical purposes or for carrying out any specific statutory responsibilities belonging to these agencies, subject to certain provisions designed to protect the confidentiality of the data. Committees of the Congress would have the same full access to the data for their own purposes.

With respect to the FTC and the Department of Justice, this means that the data may be used as a basis for determining, as a matter of public policy, which business acts, methods and practices, are deceptive or anticompetitive and call for preventive or enforcement action. The data may also be used as evidence in such proceedings.

It appears clear that the FTC intends to make full use of this authority. I am informed that the Commission has determined that the initial reporting form will require responses on each of the topics to which I have referred with respect to approximately 230 separate product categories.

Senator HRUSKA's amendment imposes upon the FTC a limitation on the use of the appropriated money which narrows the scope of data which may be accumulated during this first year of the program's operation. Under the amendment, firms may be required to furnish data on sales and receipts, but not on profits, assets, and expenditures. I believe the inclusion of this amendment will appropriately tailor the contours of this program to those of the experiment which it is, and at the same time alleviate the ill effects of several serious problems and uncertainties to which the proposed program has given rise, both in its concept and in its execution. I shall refer briefly to each of these problems.

Much of the opposition to both the concept of line-of-business reporting and the FTC form, which represents the execution of the concept, centers around the difficulty and cost of obtaining reliable, or uncontaminated information from the reports. It is generally accepted that even the reliability of reported data on sales and receipts alone is impaired by the product-line categorization which has been adopted by the FTC. The General Accounting Office reports that these categories are inherently in conflict with individual businesses' normal management categories. In addition, the segregation of data based upon single establishments according to the FTC plan will result in the allocation of the sales, costs, and profits of a multicategory establishment to the category to which the primary activity of the establishment is assigned and the results for the primary activity category will accordingly be overstated. At the same time the results for other categories to which the same establishment's secondary activity data belong will be understated. Such aggregation of single establishment product lines will greatly distort the results from the reports.

The General Accounting Office reports that although data reliability problems may be resolved with respect to sales and revenue items, the "allocation of costs to line of business, in accordance with FTC instructions, will be substantially more difficult, less reliable, and less aggregatable" and that the "allocation of capital items by product line presents even more serious problems."

The difficulty associated with the allocation of cost and capital items among product lines, according to the GAO, arises from the fact that "[a]t present no rules or generally accepted accounting principles govern the allocation of common costs among segments of a company. A variety of practices are followed." Data from an independent research project financed by the Financial Executives Institute Research Foundation on the subject of financial reporting by diversified companies showed that "common costs are often so material that changes in the method of their allocation can have a significant impact on reported net income." The FTC's approach to the allocation of common costs is to accept allocations already made by the reporting companies, even though markedly different methods of allocation may have been used by such companies, and to apply its own, as yet unspecified, allocation formulas where no allocation has already been made by the reporting firms.

Only if reporting firms incur all costs, use all assets, pay all taxes and earn all income in proportion to sales in each FTC category, will the distortions in these figures be equal to, and not greater than, the distortions in sales figures. A diversified company meeting these hypothetical conditions would be an extreme rarity. In the absence of such conditions, however, distortion is multiplied each step of the way as line-of-business data on sales, then on costs and, finally on assets are required from reporting firms. This distortion is still further multiplied by the problem of transfer pricing, which is the placing of a price upon goods or services billed by one division or branch of a company and received by another branch of the same company. Again, varying practices are followed for pricing such transfers and the FTC apparently plans to accept whatever practice is used and then proceed to aggregate the reported figures. As the GAO states, "neither consistency nor accuracy can be expected."

As I have said, due to the present lack of generally accepted accounting principles by which allocations of expenditure and asset items may be made, reported data will be contaminated by the subjective judgment of either the reporting firms or the Commission. Senator HRUSKA's amendment would limit the scope of data reported during the 1-year trial period to that data which can be supplied with reasonable accuracy according to existing, generally accepted accounting principles; that is, data on sales and receipts. In the meantime, further work may be done on the development of effective accounting procedure for the reliable reporting of these other items. In fact, I am informed that the Financial Accounting Standards Board is presently at work on a recommendation to the accounting community setting forth standards and procedures governing segmented business reporting.

Another, and perhaps more important, problem associated with the proposed measure is the magnitude of the burden of compliance with the reporting program. According to the General Accounting Office:

> . . . the FTC estimate [of the cost of compliance] has undergone substantial upward revision as the comments from industry on the successive individual drafts [of the reporting form] were considered. . . . The Financial Executive Institute estimates the total cost to industry of complying with FTC Form LB to be far in excess of $100,000,000.

I wonder whether the sales will be worth any small part of that.

> Whether that estimate is reasonably accurate or not, we [the GAO] believe that the cost of complying with the FTC LB program will be very substantially greater than FTC has estimated. Some in depth surveys at specific companies will be required to resolve cost questions.

Furthermore, the GAO reports—

> The FTC advises that it has not attempted to make a cost/benefit analysis of the proposed report. We believe it would be extremely difficult to make such an analysis without actual experience with the report.

I believe the burden of compliance can be assessed with some degree of accuracy only after a trial reporting period. Since in my judgment the cost of compliance may prove to be so significant as to outweigh the possible benefits of the whole line-of-business program, I believe the pilot program should be limited to data on sales and revenues only. As I have stated, this data can be furnished without excessive cost with the use of already acceptable accounting procedures. During the time this pilot program is in operation the surveys recommended by the GAO could be conducted.

In my opinion, Senator HRUSKA's amendment would guard against cost overruns which would become a direct burden to private enterprise. We should be no more ready, and probably less ready, to leave room for potential overruns of this kind than we are to accept

cost overruns on public projects which must be paid out of the Public Treasury.

Enactment of a full-fledged LOB reporting program at this time would be inappropriate and premature for two additional reasons. First, the bill as written would not sufficiently protect the confidentiality of reported data. Thoroughly confidential treatment may be rendered impossible by the uncertain state of the law under the Freedom of Information Act, which might provide ordinary litigants with LOB data, together with the potentiality of leaks by the large Government agencies and committees of the Congress which are provided access to this economically sensitive data by the provisions of the measure as written. I believe that possession of the results of the complete program by unauthorized parties could influence the decisions of business at the market place to the detriment of competition and, thus, also, the free market economy of the United States. Such possession is not sufficiently guarded against in this bill. For one thing, it would not be any easier to punish a party under the antitrust laws for illegal possession of reported data than it would be to punish any other anticompetitive conduct, unless, of course, such possession is also reported on the LOB form. Passage of the Hruska amendment would at least limit the amount of sensitive data handled during the first year and allow the development of orderly and controlled procedures for handling based upon experience and experimentation. Then, when we consider the further appropriation of funds for this purpose 1 year from now, we will be in a better position to evaluate whether YOB data can be afforded confidential treatment without the necessity of statutory immunity from legal process or other legislative protection.

Second, consideration of this bill comes at a time when the Bureau of the Census and the Securities and Exchange Commission are already engaged in the collection of at least some of the information which the FTC seeks. In order to avoid duplication, it is the conclusion of the GAO that—

Over time, it appears desirable to move toward standardization and consolidation of LB data collected by Census, SEC, and FTC.

Passage of Senator HRUSKA's amendment will limit the extent of the FTC's information gathering function until a plan to avoid duplication can be devised.

In summary, I believe this amendment would insure that during the first-year trial period, the potential cost and reliability of a full-scale line-of-business reporting program could be evaluated without undue burden to the selected reporting firms. In a sense, the amendment fashions a limited prototype reporting system. Just as experimentation with mockups and prototypes is required before an aircraft manufacturer begins production of jet aircraft and before the Department of the Air Force will accept delivery of the same, so the FTC and the American people should not put into operation a production line reporting system absent sufficient proof that the system has received the attention and testing it deserves and is in the best interests of the economy of the United States.

For the reasons stated and in view of the very reserved and reluctant approval given this program by the General Accounting Office, I urge my colleagues to vote in favor of the amendment offered by Senator HRUSKA, as I shall.

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

Mr. BENNETT. I yield.

Mr. AIKEN. I read the amendment just this morning, and a rather elaborate explanation came to our desks. Perhaps the Senator from Utah can help me, if I give him a specific example of what is in my mind.

Suppose one of the larger feed companies sells feed to broiler-producing companies which they control or own. The broiler people, in turn, furnish the product to chain stores or restaurant chains or anyone else who may be controlled by the same parent company. In that case, who makes the report, and what do they report on?

Mr. BENNETT. As I understand it—since Senator HRUSKA is the author of the amendment and is here, I would hope he would back me up—in the first place, the Federal Trade Commission will select the 500 companies that may report.

Mr. AIKEN. They will take the big ones, probably.

Mr. BENNETT. Yes.

Mr. AIKEN. Would they take all three?

Mr. BENNETT. They would not. They might take only one feed company, because they have to cover the entire scope of the American economy. Or they might take none. If they took one or three, the feed company would be asked, under the bill, as I understand it, to divide its cost of doing business among its various activities.

Let us look at the feed. They might decide that they were going to concentrate their profit on their broiler operation, so they would sell the feed to the broiler company at a low price.

Mr. AIKEN. They could concentrate on either their profits or their losses.

Mr. BENNETT. That is right—their losses.

But let us assume they are going to require two feed companies to report and company B might decide to concentrate its profits in the feed operation and, therefore, sell their feed.

The PRESIDING OFFICER. The Senator's 20 minutes have expired.

Mr. HRUSKA. I yield such time as the Senator may require.

Mr. BENNETT. They might concentrate their profits in the feed operation, so when we tried to compare the results of the two companies, we would have no basis for comparison under the circumstances.

Mr. AIKEN. And if they were engaged in international traffic sales, would that be included?

Mr. BENNETT. That would, again, depend on whether or not the FTC chose to select companies in international business, but I am afraid I would have to refer to Senator HRUSKA for the answer to your question.

Mr. AIKEN. All right, I was simply at a loss to understand the effect of the amendment and that is why I ask the question. It seems to me, it has some complications.

Mr. BENNETT. I have tried to point out that under the circumstances there is no standard accounting practice for the allocation of costs and, therefore, we could not possibly get comparable statistics from two companies engaged in the same business under the same bill, if we go beyond statistics on sales and statistics on profits.

I appreciate the opportunity the Senator from Nebraska has given me to make this comment and I yield the floor.

Mr. PROXMIRE. Will the Senator yield for a minute on that?

Mr. HRUSKA. I am happy to.

Mr. PROXMIRE. He is aware of the fact that this is one of the 500 biggest companies in the country, which means companies with assets of about $200 million or so. It may or may not apply to the feed dealers, or not, I am not sure, but a pretty big conglomerate.

Mr. AIKEN. Well, I am thinking now of one of the biggest feed companies. It is also in the broiler business and presumably in other businesses.

It is closing down its business in Vermont and I understand that 80 or so employees will be out of their jobs. That, however, is not why I asked the question of the Senator from Utah.

The PRESIDING OFFICER (Mr. METZENBAUM). Who yields time?

Mr. HRUSKA. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HRUSKA. Mr. President, first of all, I want to express my appreciation to the Senator from Utah for his very splendid analysis of the problem and the issue with which the Senate is faced this morning.

The Senator from Utah, having served on the committee that he does, Finance and also Banking and Currency, is aware that this is a problem which is not at all new.

For many years, the Federal Trade Commission has been seeking to get the power and authority to act as it is now empowered to do since the adoption of the nongermane amendment to the Alaska Pipeline bill last November.

The resistance to the exercise of that power and the endowment of the authority to the FTC has been on grounds and for reasons, Mr. President, which now become clearly focused by reason of the facts as they have developed and the specific reporting forms for which they seek approval which comes about because, under the statute, the Comptroller General is required to review those forms and to pronounce a judgment thereon.

I quote from the Comptroller General's report on "line of business":

Report forms proposed by the Federal Trade Commission to gather financial data from domestic manufacturing firms should be improved to greater acceptability before being put to full use.

The Hruska amendment seeks to do this by restricting initial Reports to information on sales or receipts. This will give the Commission time and opportunity to comply

with the conditions prescribed by the Comptroller when he gave limited approval to the proposed Form.

My amendment consists, Mr. President, of adding and inserting the words "on sales or receipts" on page 50, line 15, between the words "data" and "from."

It would have the effect of restricting the reports and the report forms to the one category rather than on all categories which would be reported if the present form was implemented.

Now, the Comptroller's letter of approval, Mr. President, was issued pursuant to the requirements and the congressional mandate that he perform certain review proceduces when the forms from the Federal Trade Commission or any other regulatory body would be submitted.

This letter of approval, Mr. President, specifically states that the sought information is not available from any other source within Government and that its collection is consistent with law subject to three provisions, and great care and a good deal of consideration should be given to those three conditions.

The first is this, that approval is limited to the initial round of reports and it expires on December 31, 1975.

The Federal Trade Commission had asked that the authority exist until 1980. That request was denied.

The second provision is that the Commission is required to discuss with business representatives, methods of improving the ease and accuracy of line of business reports.

Mr. President, I can hear the argument to be made on this point which is the reply that this has already been done.

Mr. President, it has not been done. There have been frequent consultations with many people in the business community by the FTC, but the information I receive is that those interviews and those conferences in the main were directed to the necessity for the information rather than the methods and the methodology which could be developed to remove many of the deficiencies and inadequacies in the requested form by the FTC.

The Comptroller General was aware of this fact. He comments upon it in his report, and notwithstanding those previous conferences he made, as a second provision in his letter, the requirement that the Commission should discuss with business representatives the methods for improving the ease and the accuracy of line of business reports.

The third provision is this: that the Commission is to explore with other agencies the possibilities of coordinating and consolidating its data needs with data collected by other Federal agencies.

Now, Mr. President, in order for these reports to be useful and meaningful for their intended purpose, they must satisfy two requirements.

First, they must be gathered on a basis of definitions and specifications sufficiently uniform to make comparison and aggregation possible.

In other words, they must not result in reports coming from similar lines of business in which the form will request certain items of information and those items turned out in the case of one company in the form of apples and in the case of a competitor company in the shape of pumpkins. When that is done, there is no possibility of aggregating except to say there are so many apples and there are so many pumpkins. There can never be an industrywide aggregation or comparison of such figures.

The second qualification and requirement for these reports is that they must not present distorted, misleading results.

In the language of the economists, the contaminated and polluted data must be held to an acceptable level.

Now, Mr. President, the proposed forms fail on both of these counts. The General Accounting Office Evaluation Report, approved by the Comptroller General, states, in part:

We do not know the extent to which the data will be distorted . . . but examples furnished by companies suggest the distortion will be substantial. . . .

Mr. President, I should like to have inserted at this point in the RECORD an exhibit of distortion examples, so as to demonstrate these facts, and I shall return to a discussion of some of the specifics later in my analysis.

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

EXHIBIT OF DISTORTION EXAMPLES

FTC proposed Report Form calls for assignment to a given category for each establishment by its dominant product, where more than one product is made. An establishment is a plant or economic unit, generally at a single physical location, where manufacturing operations or other services are performed.

Substantial distortion results where there are multi-product factories, with products divided among two or usually more FTC classifications, because the total is assigned to only a single category.

EXAMPLE NO. 1

A company with 3 establishments made $127 million of shipments in 1972. All were reported under FTC category 20.05 (preserved fruits and vegetables). Yet 33⅓% (over $42 million) actually should be distributed among seven other FTC categories. Thus all eight categories were distorted.

EXAMPLE NO. 2

Another company's establishments will be reported under a primary FTC class, even though less than 50% of total sales are in that category.

FTC category

[In percent of sales]

		1971	1972
34.05	Plumbing and heating	39.1	42.4
36.07	Household refrigerators and freezers	40.2	36.1
35.20	Refrigeration and service machinery	19.9	21.5
36.12	Household appliances	0.8	0

Note that in 1971, Household Refrigerators will be distorted by receiving impact of entire total. In 1972, it will be even more distorted because it will be recorded as having received no impact.

EXAMPLE NO. 3

A pulp and paper mill total sales of $155 million are all reported under FTC category 26.03 (paperboard mills). Yet 40% or $62 millions will be misclassified.

Mr. HRUSKA. Now, another portion of the General Accounting Office Evaluation Report dealing with its conclusions reads as follows:

The data reliability problems referred to in prior sections of this report will make the initial responses unreliable, at best, in our judgment.

And, Mr. President, at worst they will result in misleading information, to the great tragedy and great disadvantage and well-being of all concerned such as:

The Federal Trade Commission itself and its credibility. The public, the consumer, the competitors or potential competitors who might venture into a field on the basis of these reports, which indicate great profitability in some areas of activity, will be badly fooled, Mr. President, because of the distortions, the misleading results, and the unreliabilities which would be the result of the use of these particular forms.

These deficiencies attach because first, business firms vary greatly in organization, business practices, financial structure, product lines, and recordkeeping; and second, there are no generally accepted accounting principles or rules governing allocation of common or joint costs, transfer pricing, intermediate goods, assets, or even sales or receipts of these different companies.

These data unreliabilities and incomparabilities result from unresolved dilemmas in adapting the FTC classification system to individual practices.

Experience is needed for joint learning by FTC and its staff and business representatives respectively to develop practical solutions or compromises of the dilemmas.

The Hruska amendment provides a logical way to get the benefit of such experience, by limiting initial reports to the category of "sales or receipts" in the initial round of reports.

Now, why have sales or receipts been selected for a trial run, Mr. President? The answer is this: Because data reliability problems in that area are most readily resolved, according to the Government Accounting Office.

However, even though "sales or receipts" appears to be a simply defined and interpreted category, difficult problems inhere in it also. It is the least difficult, but it is still a difficult type of problem.

For example, the treatment of intermediate goods and the evaluation of inventories. When is an intermediate good completed and hence a sold unit? What value should be placed on it? What value should be placed on inventories, especially in times of rapid inflation?

Should it be the acquisition cost or the replacement cost that should be assigned to it by reason of the constantly increasing inflationary prices? Those are problems that have to be resolved which have not yet been resolved and therefore will not be uniform across the various firms under these proposed line-of-business forms.

Learning how to deal with these variances in this particular field, Mr. President, of sales and receipts, will lead to a greater appreciation and to greater adeptness and ability to solve graver, more complex accounting areas that are eventually to be inquired into, such as common costs, transfer pricing, capital assets, and so on.

Now let us consider for a moment, Mr. President, the uses to which the proposed report data will be put.

First of all, to enable the FTC to determine the extent and level of competition, profitability, sales promotion, research and development, in the various product lines.

Mr. President, with a report where there will be built-in unreliabilities, where there will be distorted figures, where there will be, in fact, misleading information, what credibility can we assign to the validity of the history of any given line of industry or any given company with regard to profitability? How much credit can we give to the other aspects of these reports dealing with the extent of competition, with sales promotion, with research and development, when those built-in deficiencies are acknowledged and cannot be denied?

Yet that is the proposal of the Federal Trade Commission.

They state rather naively: "Well, we have got to do something, let us do something."

Mr. President, when that doing something is at the cost of disaster at the end of the road, and we know that it is, that is exactly when we should start to exercise caution. That is when we should go into this matter carefully and judiciously, and not headlong into a known catastrophe.

Another intended use of the data is to provide support for rational policy planning procedures within the Federal Trade Commission. Mr. President, it would be unthinkable for the Federal Trade Commission to try to postulate any planning or priority procedures upon forms which have known, recognized, and substantial deficiencies of the degree which will inhere in these forms if they are put to a full use in their initial years as is presently contemplated by the Federal Trade Commission.

Another purpose to which this report data will be put—it is not an intended or declared purpose, but a known purpose—is to serve as these bases for antitrust suits.

When we have antitrust suits, which are expensive and burdensome, based upon reports which will be distorted, misleading, and unreliable, we have, again, a travesty that should be spared the plaintiff as well as the defendant, and also the overloaded work schedule of the courts themselves

It will not do, Mr. President, to assert rather than demonstrate, as has been done by the FTC that the proposed reports will yield data greatly improved over present information. It may or may not. But even if that data will be somewhat improved, that is not the key question.

The question is, is that result still deficient, and to a degree that it would remain a harmful one rather than a beneficial one? Certainly a car with two wheels, Mr. President, will be greatly improved if we attach a third wheel, but it will not run until that fourth wheel is there; there is no question about it.

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Mr. HRUSKA. May I have 4 more minutes?

Mr. FONG. Yes.

Mr. HRUSKA. Now, addressing ourselves to the cost burden of information collection, the Comptroller General by law must determine that the forms and plans for collection impose a minimum burden upon business—and through it to consumers.

The pertinent words are these, taken from section 3512 in Public Law 91–153:

(a) The Comptroller General of the United States shall review the collection of information required . . . to assure that information required by such agencies is obtained with a minimum burden upon business enterprises. . . .

Mr. President, that determination has not been made, and it cannot be made with the present state of knowledge concerning compliance costs. It cannot be made because there is a virtual void in the proposition showing what the adaptation to this report will require by way of expenses for the companies that will be affected. The Federal Trade Commission estimates for all 500 companies a total of about $10 million. The GAO reports that companies commenting on costs to the FTC gave estimates which were considerably higher than this. In fact, a good deal of surveillance was conducted, Mr. President, by the FTC on this particular complicated and complex issue over the telephone, and there was in some instances, I am sure, a lack of knowledge as to the position within the corporate structure that the man on the other end of the telephone from the Federal Trade Commission office possessed. Thus, we must view the $10 million compliance estimate by the FTC with a very skeptical eye.

The GAO stated further that Federal Trade Commission estimates seemed to them,

To reflect incomplete knowledge of the impact that decentralization and diversity of company organization and record keeping practices has on cost.

Now, then, as opposed to $10 million, Mr. President, estimated by the FTC, industry representatives have estimated anywhere from $100 million to $187 million.

In some instances, in nine instances—and I ask unanimous consent that the tabular presentation of those by nine companies, which have been backed up and documented by a description of the methodology upon which their conclusions have been based be inserted in the RECORD.

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

REPORTED COMPLIANCE COSTS OF LOB AS REPORTED TO GAO

	Initial start-up cost	Annual maintenance cost
Beatrice Foods Co.	$1,171,800	$108,680
Dow Chemical Co., The	350,000	95,000/145,000
E. I. du Pont de Nemours & Co., Inc.	(1)	(2)
General Electric Co.	$1,010,000	(2)
Procter & Gamble Co., The	1,263,000	$100,000–150,000
Singer	500,000	125,000
Standard Oil Co. of California	475,000	325,000
Union Carbide Corp.	1,132,000	(2)
Westinghouse Electric Corp.	438,000	200,000

[1] $1,200,000 to $1,800,000.
[2] Several thousand dollars annually.
[3] Not given.

Mr. HRUSKA. Now then, with that great spread from $10 million to $100 million, to $187 million, obviously there is not enough information upon which the Comptroller General can assure, as he is required to do by the statute, that the information required by such agencies is obtained with a minimum burden.

The Comptroller General commented that some in-depth surveys of specific companies will be required to resolve cost questions. In any event, if the data are to have value they must be carefully and accurately compiled. We believe this task will require significant professional and management attention and will be quite costly. It is submitted that Congress, having issued a mandate to the Comptroller General, by precipitous action, by premature action, here is foreclosing him from the capacity and ability to comply with that mandate.

Mr. President, I ask unanimous consent that there be included, at the conclusion of my remarks, an exhibit of distortion examples consisting of six examples which are lurid, Mr. President, indeed, and they prove beyond a question that the results of the proposed budget report, the FTC reports, will be misleading, they will be distorted, they will be unreliable.

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

EXHIBIT OF DISTORTION EXAMPLES

FTC proposed Report Form calls for assignment to a given category for each establishment by its dominant product, where more than one product is made. An establishment is a plant or economic unit, generally at a single physical location, where manufacturing operations or other services are performed.

Substantial distortion results where there are multi-product factories, with products divided among two or usually more FTC classifications, because the total is assigned to only a single category.

EXAMPLE NO. 1

A company with 3 establishments made $127 million of shipments in 1972. All were reported under FTC category 20.05 (preserved fruits and vegetables). Yet 33½% (over $42 millions) actually should be distributed among seven other FTC categories. Thus all eight categories were distorted.

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Another company's establishment will be reported under a primary FTC class, even though less than 50% of total sales are in that category.

FTC category

[In percent of sales]

		1971	1972
34.05	Plumbing and heating	39.1	42.4
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Note that in 1971, Household Refrigerators will be distorted by receiving impact of entire total. In 1972, it will be even more distorted because it will be recorded as having received no impact.

EXAMPLE NO. 3

A pulp and paper mill total sales of $155 millions are all reported under FTC category 26.03 (paperboard mills). Yet 40% or $62 millions will be misclassified.

	Standard industrial classification	FTC code	Percent of total sales 1971	Percent of total sales 1972
Example No. 4:				
Plant B:				
Carburetors, pistons, rings, etc.	3599	35.21	27.6	29.9
Electric motors and generators	3694	36.25	30.1	29.1
Fractional horsepower motors	3621	36.03	26.1	26.0
Motor vehicle parts	3714	37.03	9.1	8.1
Metal powders and parts	3399	33.12	7.1	6.9
Total			100.0	100.0
Example No. 5:				
Plant C:				
Vehicle lighting equipment	3647	36.14	40.5	40.6
Motor vehicle parts	3714	37.03	31.6	32.4
Transportation equipment hardware	3429	34.04	15.8	15.4
Special tools and dies	3544	35.07	3.9	3.9
Electrical equipment	3694	36.25	8.2	7.7
Total			100.0	100.0
Example No. 6:				
Plant D:				
Cranking motors, generators and ignitions	3694	36.25	69.0	68.8
Motor vehicle parts	3714	37.03	30.3	31.2
Total			100.0	100.0

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

Mr. HELMS. Mr. President, as Senators are aware, the Federal Trade Commission has for several years been attempting to collect so-called "line-of-business reports" from certain corporations. These reports are intended to collect, essentially on a product line basis, such data as sales, profits, central overhead costs, advertising and research and development expenditures as well as the value of assets devoted to each line.

A number of objections have been voiced regarding such reports: they will produce misleading information resulting from differing accounting procedures; they will expose confidential information; the cost burden of reporting such data will be excessive; and perhaps most important of all, it is an unwarranted governmental encroachment on free enterprise.

In my view, all of these objections are well-taken, but a couple of them deserve special attention. Virtually every company maintains its records in a manner differing substantially from the Federal Trade Commission's reporting requirements. According to the Financial Executives Institute estimate, the total cost to industry of complying with these reports will be in excess of $100 million. This cost will ultimately be born by the American citizen, consumer, taxpayer. I do not believe that the American people want this additional burden placed upon their shoulders.

This action will add to the numerous governmental pressures contributing to the current rate of spiraling inflation. It will do so because corporations will, of necessity, pass along the cost of compiling this data and making these reports to the consumer in the form of higher prices. We hear a great deal about so-called "consumer protection." Will no one protect the consumer from the ravages of an inflation-riddled economy or oppressive taxation?

Furthermore, this kind of "big brotherism" on the part of the Federal Government is indeed alarming. One becomes increasingly aware and fearful of the so-called "data" that is being collected in the computer banks of the Federal bureaucracy. All too often this bureaucracy acts only to manufacture or compel "red tape" in order to harass those that it exists to serve—the American people.

The amendment in question would, to some extent, limit the ability of the Federal Trade Commission to collect certain information. I am pleased to support this amendment. I urge my fellow Senators to join in this support.

Mr. McCLELLAN. Mr. President, a year ago the House Appropriations Committee restored a general budget reduction of $3,100,000 which had been proposed by the administration. While this money was not earmarked for individual or specific projects, it was designated for high priority research areas including further research activities for onion, carrot, and cucumber processing. The Senate concurred in this action.

During the course of subcommittee hearings this year, Agricultural Research Service witnesses supplied for the record a table showing how that $3,100,000 was utilized and unfortunately none of that was utilized for onion, carrot, and cucumber research as specified in the report.

In the bill now before us, the committee recommends that an additional $100,000 be made available for research in this area. It is my understanding that this would be in addition to the $131,400 the Department had available for this research in its budget estimate. Can the Senator from Wyoming give me any indication as to whether this additional money will be made available for the purpose for which it is appropriated or does he expect that it will meet the same fate as the additional funds we provided for fiscal 1974?

Mr. McGEE. While I cannot give my distinguished chairman any firm assurance this money will be utilized for the clearly expressed purpose for which we make it available, I am reasonably confident that it will be. The chairman has pointed out a very significant difference between our action last year and this year. Last year we provided the additional money but relied upon some general directive language which the Department saw fit to disregard. This year we have provided a specific line item in the report of the committee. This very clearly and unmistakenly makes a specific additional amount, namely $100,000, available for this specific research area, namely, for onions, carrots, and cucumbers. There can be no misunderstanding on this this year and I can assure the chairman that I shall do everything in my power to see that this clearly expressed Congressional mandate is carried out.

Mr. McCLELLAN. I thank the Senator, and I shall join him in undertaking to see that the will and intent of Congress is respected and performed by the Department of Agriculture.

Mr. AIKEN. Folks in the State of Vermont who are most familiar with the ACP program have raised a question regarding the funding of long-term agreements that are now allowed under the ACP program. Last year the House and Senate Appropriations Committees provided that when a county office wrote a long-term agreement with a farmer, the funding for that contract would be prorated over the life of the long-term agreement.

I would like to ask the chairman of the Agriculture Appropriations Subcommittee, if I am correct in my understanding that the House and Senate Appropriations Committees have now changed this policy and provided that when a county ASCS committee approves a long-term agreement, that the funds for that contract will be allocated all at once instead of spreading it out over the life of that contract.

The question is being asked in the State of Vermont whether this will reduce the amount of funds that will be available for annual agreements, and would not this, in effect, decrease the number of farmers that might sign up for the program by reducing the amount of funds each year for annual agreements?

Mr. McGEE. It is true that the funds provided in the 1975 bill for ACP are intended to cover the cost of the long-term contract over the life of the contract. In this way we are assured that funds will be available if the contract runs for several years without any additional authorization by the Congress.

As the Senator points out, some of the funds provided in this bill will not be actually spent until a subsequent fiscal year. In order to make sure that this type of financing does not unduly restrict the amount of funds available under annual contracts, the committee recommends an increase of $40 million above the level provided a year ago for this program.

Mr. AIKEN. I noted in the committee report that there is language which urges the Department of Agriculture to insure that the committee system is maintained in selecting ACP practices that are best suited for that particular region of the country. Does the chairman expect the Department of Agriculture to make sure that county ASCS committees will have the option to devise ACP practices that best fit the local community and not have all the practices selected in Washington?

Mr. McGEE. In our report the committee pointed out that different sections of the country have different needs and the flexibility which is necessary to successfully implement the program can best be met by strengthening the committee system that has worked so well in the past.

Mr. JAVITS. Mr. President, there is a glaring deficiency in the appropriation in this bill for the special supplemental food program. This program, commonly known as women, infants and children—WIC—has been authorized at $100 million for fiscal year 1975 and yet only $40 million has been appropriated by the committee bill.

This program provides for the nutritional needs of low income children at the most critical stage of their development—before birth and as infants. It helps to reduce the incidence of birth defects and guarantees adequate nutrition levels for infants in their most formative year, when an inadequacy can lead to permanent loss of normal growth and development.

New York has been a primary participant in this program since its recent inception, which, because of the reluctance of the Department of Agriculture, was not until several months ago and then only at the insistence of the U.S. District Court in Dotson against Butz. New York has $12 million in WIC grants feeding approximately 48,000 low income women and infants. There are already 23 separate grant sites in operation in New York. According to New York nutrition officials, the program is a huge success.

Because of USDA's foot dragging, the entire $40 million 1974 appropriation was spent in the final 3 or 4 months of the last fiscal year. Unless considerably more funds are appropriated for fiscal year 1975 there will have to be drastic cutbacks in the existing participation levels.

To insure that this does not occur and because the program is so important, the Congress passed, and the President signed Public Law 93-326 which, among other things, funds this necessary program at $100 million for fiscal year 1975. Since this new level was only signed into law on June 30, the committee has not yet revised the appropriation to meet the authorization requirement. But there can be no dispute as to the act's unequivocal intention to fund the program at $100 million for fiscal year 1975.

I do not now seek to amend the bill to increase the funding level to the authorized $100 million but resolve the right to do for for that action is more properly left to the Committee on Appropriations in the first supplemental appropriations measure brought to the Senate. However, I believe the additional funding should be a matter considered at the earliest practical time and should be included at the fully authorized level.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Geisler, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Presiding Officer (Mr. METZENBAUM) laid before the Senate a message from the President of the United States submitting the nomination of James E. Dow, of Virginia, to be Deputy Administrator of the Federal Aviation Administration, which was referred to the Committee on Commerce.

MESSAGE FROM THE HOUSE— ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 377. An act to authorize the Secretary of the Interior to sell certain rights in the State of Florida;

H.R. 3544. An act for the relief of Robert J. Beas;

H.R. 7207. An act for the relief of Emmett A. and Agnes J. Rathbun; and

H.R. 7824. An act to amend the Economic Opportunity Act of 1964 to provide for the transfer of the legal services program from the Office of Economic Opportunity to a Legal Services Corporation, and for other purposes.

The PRESIDENT pro tempore subsequently signed the enrolled bills.

FORMER SENATOR WAYNE MORSE

Mr. HATFIELD. I rise with great sadness to announce to the Senate the death of former Senator Wayne Morse of Oregon who passed away this morning at 8:10 at Portland, Oreg.

Wayne Morse was a politician from a very unique mold, and an enigma to many people. When convinced of a position on an issue he was not swayed by political considerations or pressures. His interest was substance. His commitment to issues produced a unique style which was known as the Morse style.

To those of us who for nearly a decade had tried to change U.S. policies in Indochina, Senator Morse's early prophecies and his warnings were of such magnitude and of such statesmanlike character that we all owe a debt of gratitude to him.

I would like to express my personal sympathy and that of my family to Mrs. Morse and to the family of Senator Wayne Morse on his passing.

He served for 24 years in this body, from 1944 to 1968, and I know that many who are here today served with him.

I will give my own eulogy concerning Senator Morse at a later time, but I did want to share this very sad news with my colleagues and his many friends here at this time.

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

Mr. HATFIELD. I will be happy to yield.

Mr. MANSFIELD. Mr. President, I wish to join the distinguished senior Senator from Oregon (Mr. HATFIELD) in expressing my sense of personal loss in this man who contributed so much to his State, to the Nation and, in many ways, to the world.

He was a man of fierce independence. I know no one with whom I have served in this body who was more independent than Wayne Morse.

He was fearless. As the distinguished Senator from Oregon (Mr. HATFIELD) said there was a Morse style, but there was also a Morse formula.

I am delighted to note the distinguished Senator from Wisconsin (Mr. PROXMIRE) on the floor, who has carried on the initiative shown by the late Senator from Oregon, Wayne Morse, in looking over items to look for escape clauses and to carry on in the tradition of Wayne Morse, as he has also, in my opinion—and I am speaking of the distinguished Senator from Wisconsin (Mr. PROXMIRE)—in the tradition of Paul Douglas, as well.

So it is with deep regret and sadness that I learned this morning of the passing of a man who left his mark on this Chamber. I wish at this time, on behalf of my wife and my daughter, to extend to Mrs. Morse—Midge as she was known to many of us—and the members of her family our deepest condolences in this hour of sorrow.

May his soul rest in peace.

Mr. PROXMIRE. Mr. President, would the Senator yield?

Mr. HATFIELD. I would be happy to yield.

I thank the Senator from Montana, the majority leader, Senator MANSFIELD, for his very kind remarks.

Mr. PROXMIRE. Mr. President, I join the distinguished majority leader and the distinguished Senator from Oregon (Mr. HATFIELD) in paying tribute to a really great Senator.

Senator Morse was a man of remarkable intelligence. I can recall when he spoke 24 consecutive hours on the floor of the Senate.

I talked to people who were here during almost all of that time, the staff of the Senate, and they said it was the most amazing intellectual performance they had ever seen. He spoke for 24 hours. He was unprepared when he started. The speech was in complete sequence, no repetition, beautifully organized, all relevant and pertinent, and it was an indication of the remarkable ability that this unusual man had.

He was a man of absolute rock-like integrity. He was a man who came out of my State. He was born in the State of Wisconsin, and I think few people realized the great influence that the La-Follette tradition in Wisconsin had on Wayne Morse.

He grew up in the township in which old Bob LaFollette grew up. He was very much aware of that throughout his life, and he had the same love of the people, the same deep populism, the same dedication to the public interest that old Bob LaFollette had.

I think most of us knew Wayne Morse as one of the most remarkable critics who served in the Senate, certainly in the last quarter century. He had a biting kind of criticism, enormously effective, very persuasive, but he was also a very constructive man. When he became chairman of the Senate Education and Labor Committee, he became Mr. Education, and

he was successful in getting through a series of profoundly effective education bills that did a great deal for this country.

One of the most remarkable improvements in our country in the last 15 to 20 years has been in education, and I think Wayne Morse is very largely responsible for that improvement.

I might also say, Mr. President, that one of the most heart breaking tragedies I have endured in my life was when our little child died after living for 1 day. We named that child after Wayne Morse. Wayne Morse was, in my view, such a remarkable and unusual man that we felt our child should bear his name through life. It was a very short life, but he was honored by the fact that he bore the name of this great man and great Senator.

I thank the Senator for yielding.

Mr. HATFIELD. I thank the Senator from Wisconsin for his kind remarks.

Mr. PROXMIRE. Mr. President, will the Senator yield for one further point?

Mr. HATFIELD. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, one of the really happier and more heartening marriages I have seen was the wedding of Wayne Morse and Midge Morse. They were both devoted to each other. Mrs. Morse often sat in the Senate gallery and watched her husband.

I often teased Wayne about the fact that when he married Midge he used great ingenuity. They were classmates in Madison High School, and Midge was valedictorian. She was as bright as he was, and he recognized that throughout his life. It was a very happy marriage of two wonderful people, who had two most attractive and fine daughters.

Mr. HATFIELD. I appreciate that further remark about the life of Senator Morse by the distinguished Senator from Wisconsin (Mr. PROXMIRE).

I would agree that Mrs. Morse was an effective campaigner, as was the Senator. She did not make the headlines as far as public knowledge was concerned, but she was very effective in working with him behind the scenes, and shoulder to shoulder—well, I should not say shoulder to shoulder, as she was a little lady in stature—in every campaign, and she is a very highly admired and respected lady.

Mr. FONG. Will the Senator yield?

Mr. HATFIELD. I yield to the Senator from Hawaii.

Mr. FONG. Mr. President, I, too, rise to express my sympathy to Mrs. Morse and to express my regret at the passing of a great American.

I served with Senator Wayne Morse here in the Senate for approximately 9 or 10 years, and during that time I learned to respect and admire him. He was a hard fighter. He was a man of tremendous dynamism. He spoke on almost every subject, and, when he did, he spoke with deep intelligence and with unusual clarity. The Senator's passing is the passing of a great American.

Senator Morse was very interested in the breeding of cattle, I believe the English type of cattle known as the Devon. If he liked you, he would name one of his fine cattle after you. For example, one of his cattle was named Yarborough, and others were named after other Americans.

He was very, very sympathetic to the needs of farmers, and he was a great champion of education. I know our Nation will miss him.

He demonstrated his dynamism anew following his defeat 6 years ago by the junior Senator from Oregon. This year, at the age of 73, he was campaigning very vigorously for election to the Senate again, and it was during this very strenuous campaign that he became ill; and now he has passed away.

The State of Oregon, indeed the Nation as a whole, has lost a very colorful figure from the political arena.

Mrs. Fong and I wish to extend to Mrs. Morse our deepest condolences.

Mr. HATFIELD. I thank the Senator from Hawaii for his very thoughtful remarks concerning Senator Morse.

Mr. President, Senator Morse had a biography written about him by one of our fine journalists, A. Robert Smith. When Mr. Smith was attempting to find an appropriate title for that biography of Senator Morse, he came up with the title, "Tiger of the Senate."

That title followed Senator Morse throughout his life. Even to this day, the day of his death, he was known as the "Tiger of the Senate" to the citizens of Oregon and to his many friends around this country.

I am very grateful for the comments made, and I will make sure they are communicated to Mrs. Morse and the family.

Mr. PELL. Mr. President, it is with a great sense of sorrow that I learned of the death today of Senator Wayne Morse. Wayne Morse was a statesman, an imaginative legislator, and a man of strong convictions and deeply held principles.

It is in keeping with his lifelong record of service to the American people, that, at his death, he was again seeking to serve through his candidacy for election to the Senate.

I was honored to be Wayne Morse's successor as chairman of the Subcommittee on Education of the Senate Committee on Labor and Public Welfare. In that capacity, I have had the opportunity to review Senator Morse's accomplishments during his years as chairman of the subcommittee, and I have marveled at the vision and the foresight he displayed in guiding Federal Government policy in education. Many generations of Americans will be the beneficiaries of his legislative leadership in education.

Similarly, in foreign policy, Wayne Morse contributed immensely to public understanding of the role of the United States in the world through his perceptive and prescient analysis of how our foreign policies could and should serve our true national interests.

Senator Wayne Morse, through his intellect and his vigorous advocacy, contributed immensely to the well-being of the American people. He will be sorely missed.

WAYNE MORSE WAS A WISE AND UNDERSTANDING LEADER IN EDUCATIONAL LEGISLATION

Mr. RANDOLPH. Mr. President, it was with genuine sadness that I learned of the death of our cherished former colleague and friend, Wayne Morse. I join Senator HATFIELD in our tributes today. We will miss this devoted public servant whose accomplishments and valued contributions to our country spanned over four decades.

Mr. President, Wayne Morse was a man of integrity and his actions—whether or not in agreement with his constituency—were based on strongly held convictions and what he believed to be in the best interest of all the people of this country. He was forthright and vigorous always in the expression of his beliefs.

My association with this giant of the Northwest covered many issues and interests of mutual concern. I treasure most highly, however, the memory of our work together on education legislation. Wayne Morse was a believer in youth and he translated this confidence into affirmative legislative programs to provide educational opportunity for the young people of our Nation. His chairmanship of the Senate Subcommittee on Education, on which I served under his wise leadership, deserves the highest recognition in the history of education. The youth of our Nation are today recipients of this farsighted man's earnest endeavors.

He was a law graduate of the University of Minnesota and from Columbia University; a law school dean; member of the Oregon Crime Commission; administrative director, U.S. Attorney General's survey of release procedures; and Pacific coast arbitrator for the U.S. Department of Labor.

He was also chairman of the President's Railway Emergency Board in 1941 and alternate public member of the National Defense Mediation Board in 1941 and a public member of the National War Labor Board, 1942–44.

It was in 1944 that he was first elected to the U.S. Senate and he was reelected on three occasions.

Wayne Morse achieved a distinguished record of public service and was an outspoken advocate of humanitarian programs for citizens throughout our Nation.

Mrs. Randolph and I cherished our family friendship with Mildred and Wayne.

Mr. JAVITS. Mr. President, our country has lost a great citizen and one of its finest sons. His idealism, his evangelism, and his intense patriotism for our country putting its best foot forward will be remembered by all Americans. And the way in which he called the blunder of the Vietnam war will give him an important place in our history. All Americans, regardless of party, will mourn his loss.

Mr. WILLIAMS. Mr. President, I join my colleagues today in mourning the passing of former Senator Wayne L. Morse. The news of his death early this morning came as a shock because Wayne had remained until the end vigorous, dynamic, and more energetic than many men half his age.

Wayne Morse accomplished enough in his life to satisfy the lifetime ambitions of two men. He completed a distinguished career in the law before ever seeking election to the Senate. He was professor of law and dean of the Law School at the University of Oregon from 1931 to 1944, and during that period also served in a number of important capacities for the U.S. Department of Labor.

First elected to the Senate as a Republican in 1944, Wayne was reelected in 1950. He displayed his fierce independence and determination to uphold the principles he personally believed in when he broke with the Republican Party in 1952 and became an Independent. He was reelected, this time as a Democrat, in 1956 and was elected to his fourth and final term in 1962.

Mr. President, it was my great privilege to work closely with Wayne Morse on the Senate Committee on Labor and Public Welfare for close to a decade. Wayne was a member of the committee during his entire Senate service and was an expert on labor law, as well as one of our most energetic, interested, and hardest-working members. He distinguished himself as chairman of the Subcommittee on Education for 6 years, during which he helped forge the Federal commitment to our schools, colleges, and universities, and earned the title of "Mr. Education."

After leaving the Senate in 1969, Wayne continued to be extremely active at a time of life when most of us would be more than content to retire and relax. He served as a labor arbitrator, a lecturer, and a visiting scholar. It was a mark of the man that at the time he took ill and was hospitalized last Wednesday, he was in the midst of a vigorous campaign for election to the Senate.

Mr. President, Wayne Morse will undoubtedly be remembered by history as one of two Members of this body to vote against the Gulf of Tonkin resolution. It is a strange irony that the other—former Senator Ernest Gruening—died less than 4 weeks ago. Those of us who worked here in the Senate with Wayne Morse knew that his vote on the Gulf of Tonkin resolution was entirely in keeping with his unblunted determination to do what he believed was right, regardless of the consequences.

I want to express my heavy sense of loss at the passing of this great American, and convey my most heartfelt condolences to his widow and children.

Mr. KENNEDY. Mr. President, with the death of Wayne Morse, the Nation has lost one of the giants of its recent history.

Time and again, I recall Senator Morse taking the floor as the conscience of the Senate, dealing with issue after issue of vital importance to the people of Oregon and all the citizens of America.

On Vietnam, he was a prophet before his time, one of the first to see the horror of the war and America's senseless role.

In the area of labor laws, he was renowned for his unparalleled knowledge and expertise, and for his dedication to the rights of every working man and woman.

On education, he was the pioneer of a generation of progressive programs of Federal aid, the guiding force behind legislation that has become a landmark of the Nation's concern for the quality of its schools and colleges and for the education of its children.

On every other issue, at home and overesas, Wayne Morse was daily proof in the Halls of Congress that an individual can make a difference, that a single voice of integrity, insight, understanding and compassion can change America and alter the flow of history.

Perhaps most of all, to those who were honored to serve here with him, we shall recall his speeches on the Senate floor, the addresses that became the hallmark of the Senate at the close of daily business. In his brilliant, eloquent, and forceful manner, he ranged across the whole realm of foreign and domestic policy. He was at his best on these occasions, teaching the Senate wisdom.

With his death, the Nation has lost one of its most energetic and enlightened voices, and the country is the poorer.

Mr. HATFIELD. Mr. President, on behalf of my colleagues here in the Senate, I ask that the RECORD be kept open for 10 days so that other Senators who may wish to express their thoughts or experiences they may have had with the Senator from Oregon be permitted to do so.

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

DEPARTMENT OF AGRICULTURE-ENVIRONMENTAL AND CONSUMER PROTECTION APPROPRIATIONS, 1975

The Senate continued with the consideration of 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.

Mr. PROXMIRE. Mr. President, the Senator from Hawaii said that I might yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that Nick Miller of the staff of the Senator from Washington (Mr. MAGNUSON) may be granted the privilege of the floor.

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

Mr. PROXMIRE. Mr. President, I oppose the Hruska amendment because it would gut the Federal Trade Commission's line of business information program—a program which is vital to the health and growth of our economy.

The Hruska amendment proposes to limit the initial collection of line of business data to information on sales and receipts. It is immediately obvious that unless we also have information on costs, we can have no meaningful information on profits. Information on profits by product line is the heart of this program.

Profits are the name of the game in a free enterprise economy. It follows, then, that a free enterprise economy cannot operate effectively if there is no information available on where the profits are being made.

We learn in elementary economics that supply and demand are the factors which guide the efficient allocation of resources.

High profits in a particular line of business show where demand is high and is not adequately satisfied, that is, where demand is greater than supply, thus pushing up prices. They signal points where existing companies can profitably expand their capacity, and where new competitors should be encouraged to enter.

Accurate information on profits by line of business is essential for free market competition and industrial expansion into areas of greatest potential growth.

Mr. President, here is an area where we can do something constructive about inflation. The evidence is very clear that in many of these concentrated areas we have had very serious price increases. Last month we had increases, for example, in chemicals and applied products at an annual rate of 37 percent; machinery at a rate of 30 percent; the increases in plastics and rubber were at a 54 percent annual rate.

Now, it may be that these increases were justifiable and it may also be that they were the result, at least in part, of concentration of sheer economic power. Without the information, we do not know.

In the second place, the decisions of investors, large and small, also depend on reliable profit data. Only with this information can stock analysts and individual investors decide where to place their funds. These decisions in turn force corporate management to use resource efficiently.

This amendment is not a pro-business amendment. It seems to me it is not in favor of business. It is not in favor of the investor who would like to invest where the profits are the greatest, and does not know because of the conglomerate reporting which conceals that information from him.

It is not in favor of the independent businessman, who does provide this information. It is hard for him to compete because he has to release this information, since his is a single product operation. But a competitor such as a conglomerate does not have to do so.

Furthermore, antitrust enforcement is necessary where profits are artificially high due to monopoly practices. Such enforcement cannot be carried out unless there is adequate data on costs and profits by product line.

The fact is that at the present time no one has accurate information on the financial performance of specific industries—neither the Federal Government, nor the major corporations, nor the individual investor. Despite the coming of the computer age, the data we have now is worse than it was 30 or 20 or even 10 years ago.

This is because of the merger wave following World War II, and particularly the conglomerate merger movement of the 1960's.

With the rise of giant conglomerates holding under one umbrella a wide variety of industrial and commercial activities formerly carried out by single companies, it has become increasingly difficult to de-

termine from published financial reports what is happening in any of the specific industries involved.

Conglomerates typically publish only very limited details on their operations broken down by product line. More importantly, the product lines they choose to report on are generally far too broad to give any meaningful indication of performance in a particular industry. For example, one such corporation's reports to the SEC lump together in a single category such diverse categories as home construction with car rentals, publishing, and training schools.

The FTC in its basic law is charged with gathering information on and analyzing the functioning of our economy, as well as with antitrust enforcement more particularly. It cannot adequately carry out its statutory responsibilities with the information it now receives.

At the present time the FTC does publish quarterly estimates of profits by industry. However, this data is inadequate and even misleading.

The Senator from Nebraska said in his speech that it would be misleading if we go ahead with the amendment that the Appropriations Committee unanimously—at least tentatively unanimously—decided upon. He said that that information would not be accurate. Mr. President, the present information is really inaccurate because under current reporting requirements, the FTC has no choice but to assign all the activities of a multiproduct firm to a single industry, whether they belong there or not. The FTC's own study suggests that, because of this, fully one-third of the data in the quarterly financial report is misclassified in the wrong industrial category. In some industry groupings 60 to 70 percent of the totals shown are misclassified.

This industry data is simply not adequate for answering the urgent questions which confront us today regarding the profitability of particular lines of production.

What are some of these questions? Let me suggest a few.

First. Is the profitability of a particular line of business sufficient to allow it to attract new capital? For example, is the profitability of the steel industry high enough to permit it to attract the capital it needs for expansion? The Halls of Congress are rife with proposals for use of the tax system to encourage investment in selected industries. How in the world can we know if these proposals are needed when we do not even have good data on profits in these industries today? How can we evaluate the arguments of those who contend that the oil industry continues to need special tax benefits unless we have good information on oil industry profits?

Second. Are recent price increases by large firms justified or not? In the period since the price controls were lifted on April 30, there has been a rash of very large price increases, especially by some of the largest firms in some of the most concentrated industries. Some of these increases were undoubtedly justified by rising costs. But others undoubtedly were in excess of any reasonably justifiable level. How do we distinguish between the necessary cost-justified price increase and the unjustified increase which is nothing but irresponsible price gouging by a firm with monopoly or oligopoly power? The answer is we cannot distinguish unless we have the necessary data—data on costs and profits.

Third. Do firms earn more on their production under Government contract than they do on their production for the private market? To what extent is the Government being taken by paying a higher than necessary amount on large procurement contracts. We all suspect that the Government is often taken for quite a sucker—costing the taxpayer billions of unnecessary dollars. To evaluate this question we need data on costs and profits by product line. Surely the taxpayer has a right to this information.

The argument being made today in support of the Hruska amendment is that we should begin the line-of-business reporting program with the collection of data on sales and revenue only because this data is simpler and less expensive for business to put together. In another year or two, we are told, business will be ready to resign itself to the additional effort of collecting line-of-business data on costs and profits.

I am highly skeptical of the argument that business is currently unable to collect this data without vast new expense. Let me just point out that very similar data was required by the Cost of Living Council under the price control program. The forms were not exactly the same, but they were basically similar. Surely most large firms have by now acquired much of the necessary expertise for developing this type of data. A lapse of another year or two in the reporting of this data will only mean that this existing expertise—or a large part of it—will be lost.

But let us assume for a moment that the arguments made by business regarding the difficulty and expense of collecting this data are true. I do not think they are true, but let us pretend for a moment that they are. Even so, I feel the effort is fully justified because of the urgent public need for this information which I have outlined above.

Having failed in a blunderbuss effort to stop the line-of-business information program entirely, businessmen are advancing arguments—I should say big conglomerates, because most businessmen, I think, would be well served by this data—that, yes, this data can be collected but why not wait a year or so until the FTC perfects the questionnaire.

Let us look at that argument.

First, this amendment gives us no guarantee that business will be any more willing next year than they are this year to supply this data. This program has been fought tooth and nail by big conglomerate business for years—why should we accept vague assurances that next year will be different? In any case, there is no good reason for postponement. Let me review a few facts.

First. The FTC has been working on this form for 3½ years. The form has been carefully reviewed and approved by GAO. I might say that they have asked for comments on it for almost a year. I read from the conclusion of the Bureau of Economics' report which says that no one will deny the line-of-business program is a complex undertaking. Many obstacles must be surmounted in implementing it.

For almost a year the Federal Trade Commission has attempted to respond to suggestions and comments from industry representatives, academicians, professional accountants and potential data users in an earnest effort to make the program serve the broad public interest to the maximum possible degree.

There has been considerable criticism, much of it constructive. The time has come, however, when criticism operates more to delay than to advance a program urgently needed if the Federal Trade Commission is to continue fulfilling its traditional role as an illuminator of industrial performance. Granted difficult implementation problems remain, their solution is most likely to be achieved if a commitment is made to go forward with the program so that parties involved—the FTC statisticians, accountants and industry's operating personnel—can address themselves to the great constructive American tradition of working out for each reporting firm in each line of business a viable set of reporting norms.

Now we believe is the time for purely negative criticism to cease and the constructive task of implementation to commence.

Second. The form has been designed to be substantially free of the contamination of the data which some are arguing it will contain. This word "contamination" is used to refer to the inclusion of secondary activities of an establishment in the wrong product classification. Careful studies at the FTC show that this contamination will be less than 9 percent—a fantastic improvement over the existing reporting system, where the contamination runs as high as 60 percent.

So the argument made by the distinguished Senator from Nebraska and the Senator from Utah that this would result in inaccurate information, we conceive some of this information would not be as accurate as we would like it to be. But it is an enormous improvement.

At the present time, as I pointed out, contamination of data runs as high as 60 percent. This FTC line-of-business program would get the contamination factor down as low as 9 percent or less—a tremendous gain in accuracy.

Third. This is not an experimental form which will be drastically revised next year, as some big conglomerates are claiming.

Fourth. The FTC has already cut back on the amount of information required in this first year. Only direct costs are required to be reported—these are the easiest costs to allocate. If the form is cut back further, business will be reporting absolutely nothing that they do not already report for census purposes anyway. The first round would accomplish nothing either in the collection of new data or in getting businesses oriented toward next year's more extensive data collection requirements.

Fifth. The FTC is also asking for in-

formation on expenditures for media advertising and research and development. This may indeed impose some burden on some companies. But this data is needed very badly by the FTC. There is nothing to be gained by delaying its collection for a year or two.

Sixth. The FTC is asking companies to report on the basis of their existing plants or organizational units. A well-managed company keeps their records on this basis anyway, and the FTC forms will impose no major additional acocunting burden on these firms. What about the firms that are not so well managed? They ought to begin to collect this data anyway for their own use. How can they properly carry out their responsibility to their stockholders unless they know their own costs and profits by product line?

Mr. President, to me this is by far the most compelling reason why we should reject the Hruska amendment. These are the 500 biggest firms in this country. If they do not know what their costs are product-by-product, they ought to find out.

The Senator talks about the tens of millions of dollars it would cost to do this. It will be tens of millions of dollars well spent, if this is the case.

If I were on a board of directors and I was told by the chief executive officer that he could not tell me what kind of profit they were making on one of their main product lines, I would fire him. He does not deserve to be the head of a corporation.

These are, as I say, corporations that are the biggest in our country. They each have assets of over $200 million. I just cannot believe that they do not know what their costs are and do not know what their profits are. Of course they do.

As I say, if they do not, then they should get a new manager who does.

The effort to limit this year's line-of-business program to sales and revenue only is simply a disguised effort to gut the program entirely. Surely the Congress has a responsibility to see that this program goes forward in a meaningful way; that narrow business interests are not allowed to triumph over the broader public interest.

Mr. President, from the standpoint of inflation, this will provide an opportunity for competitors to move into areas that are highly profitable, where the profit is now being concealed, from the standpoint of investment, this will permit investors to invest in these areas, which would also tend to reduce prices, from the standpoint of antitrust, the Antitrust Division cannot act without this basic data on cost and profits which the enormous conglomerate movement now concealed. For the purpose of having far more accurate and, as I say, literally six times more accurate, data than we have at the present time, and also from the simple standpoint of greater productivity and greater efficiency, because you will have a more efficient operation, we should reject the amendment by the distinguished Senator from Nebraska.

Mr. President, I have one other point I would like to make.

Before that, Mr. President, I ask unanimous consent that at the end of my remarks pages 11 through 26 of the staff report of the FTC's Bureau of Economics be printed in the RECORD.

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

(See exhibit 1.)

Mr. PROXMIRE. Now, Mr. President, I would like to quote from some of the outstanding experts who have considered whether we should move ahead along this line.

The first man I would like to quote from is one of the great former chairmen of the Securities and Exchange Commission, Manuel Cohen. This is what Manuel Cohen said on a recent occasion:

"This most important change is the growing tendency toward absorption of separate industrial enterprises into large conglomerate companies. Each time one of these enterprises is absorbed, and ceases to publish separate financial statements, the available information about the industry in which that enterprise is engaged is correspondingly reduced. Acceleration of the trend toward absorption of these independent enterprises makes it increasingly difficult for investors and others to draw intelligent conclusions about the affairs and prospects of companies in the particular industries and this, of course, applies even to the conglomerate companies or to independent companies. Now, this creates a very real threat to the ability of independent investors to reach informed investment decisions, which Congress has recognized as a basic prerequisite to a healthy securities market and which philosophy underlies all of the securities statutes administered by the Commission.

This was the conclusion, as I say, of the former Chairman of the Securities and Exchange Commission, Manuel Cohen.

Mr. Cohen also went on to say:

In recognition of this situation and the realization that an informed investing public is in the best interest of those who rely on capital provided by the public, an increasing number of conglomerate companies are voluntarily publishing in their annual reports gross sales and earnings figures for their various divisions. Martin Marietta Corp.'s 1965 annual report, for example, shows sales and net earnings separately for its Martin Co. division, its cement and lime division, its chemical division and its rock products division.

He goes on to point out that Kaiser Industries, a highly diversified company, does the same type of reporting, and that other conglomerate companies can do so if they want to.

Mr. President, David M. Solomon, professor of economy at Wharton School of Finance and Commerce at the University of Pennsylvania, had this to say:

"The fact is, of course, that a grave inequity is perpetrated by *not* requiring the reporting of segmental results, for companies making a narrow line of products may feel at a disadvantage compared with more diversified companies. A good example is Maytag, specializing in home laundry equipment. Its principal competitors are no more than subdivisions of the major appliance division of companies like General Electric, Westinghouse, and the Frigidaire Division of General Motors. Maytag's results are of considerable interest to the home laundry subdivisions of these companies, whereas Maytag can learn little from its competitor's accounts.

Mr. President, one of the appointees of President Eisenhower, a fine conservative economist, was Mr. Jacoby. Mr. Jacoby testified before the Senate Small Business Committee, and he had this to say:

"Mr. JACOBY. It does not seem important to me that a manufacturing enterprise break out publicly its foreign and domestic sales and profits. It does seem to me important, however, that a manufacturing enterprise which is making and selling products in different markets, which is a member of different industries, should break out its sales and profits by industry.

"Mr. WATTS. Would you say, then, for example, . . . that General Motors ought to disclose how much it makes from locomotives as compared to buses, as compared to automobiles, as compared to trucks?

"Mr. JACOBY. Yes. I think it is a member of different industries, according to the standard industrial classification, and should be required to report its sales and profits by industry. But I would not be in favor of requiring it to go further and break down the passenger car operations by model or make.

"Mr. WATTS. In other words, we ought to know how important passenger cars are as compared to trucks, not how important Cadillacs are as compared to Chevrolets?

"Mr. JACOBY. That is true, and the reason for the distinction is that it would help the investment community guide capital resources to the most profitable areas. This is information—intelligence—that is necessary for the guidance system of our whole capital allocation process."—From testimony at hearings on giant corporations, part 1, p. 549, 91st Congress (July 11, 1969)

Finally, Mr. President, I would like to refer to a brilliant analysis by President Abraham J. Briloff, professor of accountancy of the Baruch College, City University of New York, who had this to say about the problem of whether or not it is possible for these conglomerate corporations to break down this data according to product line. He said this:

My unqualified confidence in the highly pragmatic view that "If he had the will he'd find the way" is rooted in the ways in which Wilson & Co.'s auditors found the way of segmenting its operations when Ling-Temco-Vought told them to. Remember, I'm here speaking about the "chop-sueyest" industry of all—meat packing, the one in which Professor Greer possesses extraordinary expertise.

When, in 1967, LTV determined to deploy old Wilson into the three little Wilsons they prepared separate and complete prospectuses for each of these three companies; each of these prospectuses included statements of income for each of these three entities showing what their separate sales, expenses, taxes and net incomes would have been—right down to the bottom line for each of the 5 years preceding the takeover and subsequent step-down. And to prove that these statements were all properly presented, each prospectus had its own "Opinion of Independent Auditors" addressed to the board of directors of the particular company. The certificate doesn't quibble—it says very explicitly that these pro forma income statements, for each of the 5 years there presented, were "in conformity with generally accepted accounting principles consistently applied."

He goes on to point out:

And furthermore, when it turned out just a few months ago to be even more in accord with LTV's objectives to subdeploy the assets and operations of the new Wilson "meat ball" into four little sausages—the one to

slaughter and sell livestock in the East and Midwest; another, in the Midwest and West; a third, to slaughter and sell lambs and cattle; and the fourth, poultry; lo! The same auditors were capable of preparing new pro forma statements of income for each of the new four subsidiary entities—again reaching back into the dead coals of 5 years past. And the auditors (judging from their certificate given last December) were entirely capable of asserting that: "In our opinion, the pro forma net income [of the four new companies] have been properly compiled to reflect the assumptions described in the notes to the respective pro forma statements and summaries of the [new entities]."

All one needs to do is to review what the Wilson, sub-Wilson and sub-sub-Wilson auditors were capable of doing in this single, most complex, situation and we have an immediate and effective response to almost all of the arguments heretofore advanced in objection to the demands from investors, government, the business community, labor, for segmented reporting by diversified industries.

Finally, Mr. President, there is one other authority I would like to quote. It should be remembered that this is said to be a pro-business amendment. I think it is an antibusiness amendment, and I quote a fine and distinguished conservative expert, Caspar Weinberger, who was Chairman of the Federal Trade Commission and who now, of course, is the head of the Department of Health, Education, and Welfare. This is what Mr. Weinberger, President Nixon's appointee, had to say:

The published financial statements of the conglomerates are almost universally presented on a highly consolidated basis and profit information by product line is almost completely suppressed or non-existent. In a market economy, the response of businessmen and investors to profit opportunities critically determines the rational allocation of resources. In recent years, as more industries have come under the control of conglomerates, profit information on a product basis has become progressively less available. We recommend that the SEC [Securities and Exchange Commission] in consultation with the FTC be directed to expand its product line reporting requirements for multiproduct firms.—From hearings on economic concentration, part 8, p. 4819, 91st Congress, 2d session (Feb. 18, 1970).

That recommendation was made 4 years ago by Caspar Weinberger.

So, Mr. President, for all these reasons, if we are going to do something effective to cope with inflation, to open up investment opportunity, to provide effective antitrust enforcement, we need the compromise amendment that appears in the appropriation bill that is before us.

EXHIBIT 1

BUREAU OF ECONOMICS STAFF REPORT: FEDERAL TRADE COMMISSION LINE OF BUSINESS REPORTING PROGRAM

THE MEANINGFULNESS OF LINE OF BUSINESS DATA

Many criticisms have been raised by industry representatives concerning the limited meaningfulness and accuracy of the proposed Line of Business reports. Some of this criticism is undoubtedly attributable to the natural propensity for participants in a debate involving vital conflicting interests to portray their opponents' case in something less than the most flattering light. Still valid critical points have also been raised, and the FTC staff has tried hard to improve the LB program so that it will be as effective an instrument of information provision as is possible within reasonable cost constraints. In the pages which follow we describe the adaptations which have taken place and answer prominent criticisms which we consider to have little or no merit.

The arbitrariness of cost allocations

A recurrent critical theme in comments on line of business reporting is that the difficulties in allocating common costs are so great that such reporting would yield data which are meaningless. Common costs exist if it would cost more to produce several products separately than it does to produce them together. The argument here is that any allocation of common costs to the products is arbitrary. If the assignment of costs is arbitrary, it is claimed, then porfits reported for the diverse lines of business must also be arbitrary. And finally, since the profit data are subject to arbitrary cost allocations, they should not be used in economic analyses.

There are several reasons why we reject this argument.

One is that it is essentially an argument againt using *any* accounting data in conducting economic analyses. The allocation of common costs is only one of several accounting areas in which arbitrary procedures are used. In the treatment of depreciation, for example, there exists a valid set of charges against a long-lived asset. These must somehow be assigned to the several years of the asset's useful life. Such charges are ideally related to the asset's real contribution at different periods in time to the production which the asset facilitates. None of the depreciation rules conventionally used are designed to reflect the "true" charges related to economic usefulness. Rather, the analyst employing profit data is warned that the results may depend on the depreciation rules embodied. And attempts are made using both conceptual methodology and empirical studies to determine the likely effects of depreciation rule choices on the results of the economic analysis.

A similar problem exists with respect to the valuation of assets. Of critical importance is the effect of changes in price levels. If asset prices are rising, say, and assets are valued at original cost, an asset which was purchased in an earlier year will appear to be less valuable than the same asset purchased later. Profit return on asset ratios for the two assets will imply that the older one has a higher rate of return. In truth, of course, they have the same rate of return if they are comparable in all respects but vintage.

An ideal solution to this problem would be to value assets at their current market value instead of at cost. But to do that, it is necessary to estimate current value, and that exercise must involve some arbitrariness. If accurate current market data on asset values could be obtained (which is seldom feasible), virtually all economists would advocate the use of profit figures based on such current cost valuations over those based on original cost valuations, even though the latter involve absolutely no arbitrary elements at all.

This second illustration demonstrates a most important point toward understanding the usefulness of accounting data in economic analysis. It is not arbitrariness per se which is critical. There are no judgments to bemade in using the original cost valuation of assets. The same is true of writing off research and development costs as current expenses rather than capitalizing and depreciating them. Each such procedure can be applied without any arbitrariness. But each may lead to serious distortions in reporting the apparent profitability of an economic activity. The alternative in each case must entail subjective judgments; that is, judgments with some element of arbitrariness.

The argument that profit data based on common cost allocations should not be used is invalid not only for the reasons stated above. It is also suspect because its proponents have not offered empirical evidence on the probable effect which the arbitrariness would have. It is certainly true in principle that a change in allocation procedures might lead to a different estimate of profitability. What is critical however is not the mere fact that such an effect might exist, but its magnitude. That different common cost allocation procedures are used is well known. That differences in allocation procedures might cause differences in reported profitability is also well known. What is not at all well known is the quantitative magnitude of those differences. One major virtue of the LB program is that it will permit conducting sensitivity analyses to determine how different allocation assumptions affect reported profits. Such an analytic effort is a significant component of the FTC's contemplated Line of Business program.

The size of the LB Company sample

Criticisms have also been levelled at the FTC staff decision to focus on the 500 largest manufacturing corporations. This was decided upon after weighing three partially conflicting goals. The first goal was to obtain sufficient data for the published report to be meaningful, the second to obtain data on a sufficient number of firms to eliminate problems with respect to confidentiality, and the third to minimize the cost to industry and to the FTC. The best compromise appeared to be obtaining data from the 500 largest manufacturing concerns.[1] These firms account for around 70 percent of all manufacturing assets, thus ensuring substantial coverage of the manufacturing sector, although their number is less than one-fourth of one percent of all manufacturing corporations. Doubling the number of reporting firms would increase the program's asset coverage by about 5 percentage points.

Of course, experience gained from actually implementing the program may show that the number of firms needs to be changed. At present we cannot predict precisely the problems concerning the amount of data needed to avoid disclosure problems on individual lines of business. One reason for the truncated data request for 1973 was to permit the identification of those lines where the publication of information would conflict with confidentiality restrictions. Our intention is to add firms to fill out inadequately surveyed lines where such problems arise.

Data contamination under alternate reporting systems

The first two FTC staff proposals (in December 1970 and August 1973) to collect line of business data were frequently interpreted as requiring responding firms to report on a strict product line basis. That is, all costs, sales, and profits of any given product would have to be allocated directly to the relevant line of business. Company spokesmen contended that it was impossible to produce reasonably accurate data on a strict product line basis, or that if it could be done at all, the cost would be exorbitant. Further studies were therefore pursued to find a way of accumulating reasonably accurate data at tolerable costs. Since firms had asserted that a major problem in generating the data was the allocation of joint costs to the various products, the search for a better method concentrated on this aspect. Out of this search came the establishment approach to defining lines of business. Under this procedure, a firm can classify its plants (i.e., establishments) into lines of business on the basis of the largest-selling product in each

[1] Firms will be selected on the basis of the sales of their domestic manufacturing operations.

establishment. This procedure eliminates completely the necessity of allocating plant overhead to diverse products manufactured within a single plant, unless the firm already makes such allocations for its own purposes. It also reduces the cost to firms of complying with the program.

Adopting the establishment approach to defining lines of business was not an unmixed blessing. In return for reduced compliance costs and for data less contaminated by common cost allocation problems, the lines of business will now include sales of products which should ideally be included elsewhere—a phenomenon called "product contamination." Fortunately, data were available to analyze the severity of this problem, and such an analysis was made before the final decision to adopt the establishment approach.

Using data reported in the 1967 Census of Manufactures, the most recent full Census currently available, the degree of product contamination was measured for 196 of the 217 FTC manufacturing lines of business. (It was not possible to analyze all the lines because of changes in the SIC codes between 1967 and 1972.) That analysis showed an average amount of product contamination of nine percent. That is, sales which should actually be allocated to other lines of business would on the average amount to nine percent of the sales assigned to a given line. In only seven of the 196 product lines did the contamination ratio exceed 20 percent.

While everyone would prefer to have absolutely perfect statistics, those who work with data realize that perfect data are never attainable. Thus the basic question is whether the LB data will be substantially better than what could be generated by the only alternative means—namely, forming lines of business by assigning firms to the industry of their largest-selling product line. Information was also available to measure the degree of product contamination which would result from such a procedure. The data source was the FTC Pre-Merger Notification program. The companies included in the analysis were those 136 large manufacturing concerns among the 500 largest which had made acquisitions triggering reports under the program. An examination of the sales of these companies showed that an average of 57 percent of their sales were in lines of business other than their largest-selling one. The degree of conglomeration was so great that for 20 of the firms, the largest-selling product line accounted for less than one-fifth of the firm's total sales. For any industry to which such a firm's entire sales and profits were assigned, the degree of data contamination would be very great indeed.

Three additional points need to be made. First, the analysis of product contamination for both firms and industries had to be made with seven year old data. Second, although this analysis shows that currently available statistics have much more contamination than the material which the LB program will provide, the extent of product contamination from assigning one firm to one industry is understood because the diversification effect of mergers since 1967 is excluded. Third, any attempt to form lines of business by assigning firms on the basis of their primary product is almost impossible unless one has access to confidential firm data such as that produced under the Pre-Merger Notification program. The severity of this problem increases with the number of lines of business a corporation spans.

The total number of lines of business

A 1970 proposal to collect line of business data would have required companies to furnish information on their activities at the three-digit SIC code level except for selected high-concentration industries where a four-digit level would have been required. In 1973 a different approach was embraced in the hope of obtaining statistics on lines of business approximating economic markets defined as meaningfully as possible. On closer analysis, however, this later approach appeared to pose various difficulties. First, it was not comparable with other government statistics collecting programs such as those conducted by the Bureau of the Census or the Internal Revenue Service. Second, the more narrowly defined lines increased the severity of transfer pricing problems. Other government agencies which were potential users of the Line of Business data were particularly critical of the proposed program because of its lack of comparability. In response to both government and industry criticisms, the three-digit approach to line of business definition was largely restored. However, breakouts to four-digit SIC levels were made where concentration was high (i.e., with the leading four sellers commanding a combined market share of 60 percent or higher) or where there was reason to believe that respondents' data collecting systems conformed more closely to the four-digit level than to the three-digit level. The result was a convergence to 228 lines of business, 219 of them in manufacturing.

The FTC staff is of course aware that the current lines of business definition approach involves certain tradeoffs. In addition to reducing compliance costs, broadening the lines may improve the quality of the data slightly, since it may reduce the extent to which common cost allocations and transfer price estimates are required. But such broadening simultaneously reduces the utility of the data to parties needing to know profits for more narrowly defined lines. The compromise struck appeared to be the best one possible under circumstances in which perfection is simply unattainable.

Another tradeoff involved making the lines of business consistent with other government sources of industrial data. Consistency enables the user concurrently to employ the information collected by other government agencies along with the FTC's Line of Business data. While this may reduce the value of the data to the FTC somewhat, it will increase their value to other users. Thus, the tradeoff again appeared to be an appropriate one.

A further point should be noted with respect to the definition of lines of business. The earlier versions of the proposed reporting form would have collected information on numerous non-manufacturing lines of business. Because the FTC's *Quarterly Financial Report* is being expanded to include the trade and mining sectors, a decision was made to await an analysis of the quality of data generated under that program before making a final choice as to whether such line of business information should be collected. At the same time, the 500 largest manufacturers are being asked to furnish data on their involvement in broad non-manufacturing lines. This will permit the FTC to make informed comments on the extent of those firms' participation in such areas as agriculture, mining, trade, services, etc.

Number of lines of business per firm

We estimate that the average firm responding to the Line of Business surveys will operate in eleven lines of business. However, this average firm will have sales of at least $10 million in only six or seven of those lines of business. Thus, on average, firms filing Line of Business reports will have to submit financial reports on seven or eight parts of their company—the six or seven lines of business in which they have sales of $10 million or more plus a single report for all the rest of their domestic operations.

These averages are based upon estimates of the number of lines of business and their size for a random sample of 25 of the 500 largest firms. The estimates were developed from the Economic Information Systems (EIS) Datafile. This privately-prepared data bank provides estimates of employment, value of shipments, and the primary four-digit Standard Industrial Classification industry for each domestic U.S. manufacturing plant with 20 or more employees. Combining the sales estimates for all plants which are under common ownership and whose primary product is assigned to the same FTC industry category, we arrived at estimates of that company's activity in a line of business.

Of course, not all the 25 firms in the sample had 11 lines of business. The number of lines ranged from a low of 2 to a high of 33. The number of lines in which the sampled corporations had more than $10 million in sales varied from 2 to 18.

Supplementing this 25 firm random sample, data on lines of business were developed for a few nonrandomly selected firms. The information used was drawn from reports filed with the Federal Trade Commission under its Pre-Merger Notification program. Among the material required under this program are data on value of shipments by four-digit SIC industry for 1967. These data, which are reported on an establishment basis, were used to estimate the companies' sales by line of business for 1967. The corporations for which value of shipments by line of business were estimated included three of the largest firms which will be reporting under the program, three of the smaller firms required to report, and one firm of about average size among the leading 500. For the large firms—DuPont, Raytheon, and Westinghouse—the total number of lines of business were 30, 19, and 53 respectively. The number of those lines in which sales exceeded $10 million were 16, 9, and 32. Among the smaller firms—Air Products and Chemicals, Columbia Broadcasting System, and Knight Newspapers—the total number of lines of business were 8, 6, and 1 respectively, while the number for which reports would have to be filed were 2, 5, and 1. Finally, the average-sized firm—Schering-Plough—had 10 lines of business and would be required to report on four of them. Again, these firms were not randomly selected from among the 500, and the data used are not current. However, the numbers presented should indicate the ranges of filing required under the Line of Business program.

THE COST BURDEN

Perhaps the most dramatic criticism of the Line of Business program is industry's allegation that collecting the required data would impose a prohibitive cost burden. It is fair to say that the FTC staff was excessively sanguine in its August 1973 estimate to the Office of Management and Budget that the average cost per responding corporation would be approximately $800. In its recent submission to the Comptroller General, the staff's estimate was revised upward to encompass start-up costs averaging $10,000 to $20,000 per reporting firm and annual operating costs of $5,000 to $10,000. Industry estimates on the other hand have ranged as high as $2 million per firm per year. Given such large disparities, one is reminded of the story of the Princeton physics professor who, in reporting the results of some research, observed that "The experiments reveal that the negative mu mesons are absorbed at a rate only one ten-thousandth that predicted by theory. This would be a large error even for an economist."

To provide a more complete picture of the costs projected by industrial firms, we have analyzed the program setup cost estimates filed by firms included on Fortune's list of the 500 largest corporations in response to the FTC staff's August 1973 version of the

LB reporting form. Twenty-five such companies provided useable dollar estimates. They are summarized in Table 2, which shows that the average estimated setup cost for the August 1973 version is $548,000. If the lower limit of the ranges given by six of the companies is used, the average is $536,000. Taking the upper limit of those ranges gives a $561,000 average.

Table 2 also reveals the total 1972 sales reported in *Fortune* for the 25 companies. The average is $2.866 billion. Since the average 1972 sales level for all corporations included on the *Fortune 500* list is $1.115 billion, the sample of companies providing compliance cost etsimates is evidently biased toward larger companies. There is probably a corresponding upward bias in the number of lines of business covered and hence in the cost which might be incurred by a more representative respondent.

TABLE 2.—ESTIMATED START-UP COSTS FOR FILING FTC FORM LB, AUGUST 1973 VERSION

Company	Fortune 500 rank	1972 company sales (millions)	Estimated start-up costs (thousands) Range	Mean
American Metal Climax	166	$863	$50/$100	$75
Anaconda	138	1,012	1,000	1,000
Combustion Engineering	120	1,180	100	100
Crown Zellerbach	127	1,113	100	100
Deere	90	1,500	1,000	1,000
Dow Chemical	41	2,404	400	400
DuPont	16	4,366	500	500
Ex-cell-o	405	281	300/400	350
Exxon	2	20,310	1,000	1,000
General Instrument	415	276	100	100
Inland Street	93	1,470	100	100
Lear Siegler	244	557	400	400
McGraw Hill	292	430	40/50	45
Mobil	7	9,166	500	500
Nabisco	118	$1,214	$100	$100
Northrop	237	574	100/500	300
Outboard	308	394	100	100
R. J. Reynolds	54	2,072	1,000	1,000
Singer	47	2,218	500	500
Standart Oil, California	12	5,829	800	800
Union Carbide	27	3,261	1,100	1,100
United States Steel	13	5,402	2,000	2,000
Varian Associates	500	204	50/75	63
Westinghouse	14	5,087	2,000	2,000
Westvaco	270	472	50/100	75
Total		71,655		13,708
Mean		2,866		548

Revision in the company compliance cost estimates

The company compliance cost estimates reported in Table 2 were filed in relation to the Line of Business reporting form as it existed in draft version during August of 1973. Since that time both the form and the number of lines of business have been revised extensively, in large measure to make it easier for companies to comply. The number of lines of business was reduced from 455 to 228; reporting was shifted to an establishment orientation; the amount of time companies were given to respond was increased from 90 to 150 days; and reporting requirements for foreign operations, minority-owned subsidiaries, and joint venture were eliminated.

In order to determine how these changes affected the cost of filing Line of Business reports, six representative companies were contacted by telephone and asked to estimate confidentially the cost impact of each individual modification. Assuming that the percentage reductions in cost for each amendment are independent,[2] the cumulative estimated reduction in cost due to the changes made between August 1973 and March 1974 average between 81 and 83 percent, depending upon whether respondents' high or low estimates were used. If this reduction factor is applied to the $548,000 average compliance cost figure presented in Table 2, the revised average compliance cost estimate is reduced to approximately $100,000 per company for the first start-up year of the LB program. This estimate, it must be noted again, is biased upward because the companies providing the estimates upon which Table 2 is based were more than twice as large on the average as the typical firm which will be submitting Line of Business reports.

If adjustments are made to account for differences in size and diversity between the average firm providing a cost estimate and the average firm among the 500 required to report, one gets an average cost of about $50,000. This is subtantially smaller than most of the cost estimates advanced by industry representatives. Yet we believe this figure is still inflated.

[2] E.g., that cutting the number of lines of business in half would reduce reporting cost to, say, 60 percent of the original estimate, and that providing more time to comply would in turn reduce that 60 percent by ten percent to 54 percent.

The underlying reporting cost assumptions

A principal reason why the cost estimates cited by industry groups are so much higher than those of the FTC's economics staff is that the industry estimates often assume a complete revamping of company accounting systems to fit the FTC's proposed reporting structure. As Mr. Howard Siers of the Financial Executives Institute testified before the House of Representatives Appropriations Subcommittee on Agriculture, Environment and Consumer Protection:

"Compliance with the FTC proposal would require each company to develop new accounting systems, write entirely new computer programs, revise or completely rewrite thousands of existing computer programs, train personnel in the handling of the new system and test and implement the changes.

While this approach is one possible means of complying with Line of Business reporting requirements. It is certainly not the only way. Its main distinguishing feature is that it is about the most expensive procedure one could reasonably conceive to generate line of business data. Whether business firms have stressed a computerized approach to discredit the LB proposal through high cost estimates or whether they have simply not prudently analyzed what is required is unclear. What is clear is that there is a simpler but quite satisfactory way.

To minimize the reporting burden on companies, the lines of business have deliberately been based upon U.S. Census industry categories. Large manufacturing companies are required to report annually to the Census Bureau statistics on value of shipments, payrolls, production worker wages, the cost of purchased materials, and rental costs as well as asset data concerning new capital expenditures, the book value of depreciable assets, and inventories. These reports are by establishment for some 450 four-digit SIC industries—i.e., in even finer detail than the Line of Business program requires. Thus, more than three-fourths of manufacturers' sales are offset by costs measured and assigned to narrow industry lines for the Census program. It is over the remaining costs—e.g., depreciation, advertising, other selling costs, research and development, the operation of common warehouses, central office administration, and interest charges—that any dispute must turn. Since depreciable asset values are reported to the Census by four-digit industry, equally detailed depreciation statistics must be readily available. Although some corporate advertising is institutional in character, the vast bulk is focused on specific products, and advertising-oriented companies keep detailed records on how their major outlays are allocated, reporting them inter alia to the journal *Advertising Age*. Less than five precent of all industrial R&D consists of basic research. Most R&D activity is clearly attributable to narrow product lines, and much of it involves detailed product and process improvement work conducted at the establishment level—the focus of the Census statistical program. What remains after the implementation of these and other easily accommodated cost allocations are certain corporate research, selling, and administrative costs which are not closely linked to specific lines of business. How substantial these costs are cannot be determined accurately until actual line of business data are accumulated. Our best estimate is that they amount to five percent of the 500 largest manufacturers' sales; ten percent appears to be an absolute maximum.

One could develop complicated accounting systems to allocate this small fraction of total costs by FTC line of business. Many companies already have such systems in operation. How many do is impossible to estimate since information supplied privately to the FTC staff on this point has sometimes contradicted official company pronouncements. For those companies which do not have such cost allocation systems or whose fields of allocation match the FTC's proposed lines of business imperfectly, the added precision gained by creating wholly new, elaborate allocation systems would undoubtedly not justify the cost. All the FTC is asking is that such allocations be made on the basis of reasonable, clearly articulated criteria. The sensitivity of profit figures to the application of alternate allocation criteria will then be tested by FTC staff, and where significant interpretational errors might arise as a result of the cost allocation conventions adopted, appropriate cautionary statements will be included in the published LB summary reports. The FTC Division of Financial Statistics also stands ready, as it has in the past, to work out particularly difficult cost allocation problems with industry representatives in order to ensure that the ultimate summary reports are as meaningful as possible within the limits of the unavoidably imperfect accounting art.

The kinds of cost allocation effort implied here do not therefore require elaborate new

computer systems. Performing such allocations is a normal function of industrial cost accountants. Such problems are often assigned as exercises to master's degree students in cost accounting. We anticipate that an M.B.A. or C.P.A. thoroughly familiar with a corporation's accounting systems could pull together the necessary information from routine Census and internal company reports, make the further allocations required for LB, and write the appropriate explanatory footnotes in about one working week or at most two weeks per line of business. Assuming that such a junior executive earns $25,000 per year and has equal clerical and secretarial support costs, the average compilation cost per line of business would be roughly one to two thousand dollars. For the average top 500 company with 6.5 lines of business, this implies an annual cost of $6,500 and certainly not more than $20,000 per year. For the most extensively conglomerate corporations the costs will of course be higher, but such a burden can hardly be intolerable when sales are hundreds of millions or even billions of dollars per year.

Summing up, it is clear that the costs of generating Line of Business information will not be negligible. But it seems equally clear that many of the extremely high estimates cited in industry briefs opposing the Line of Business program are greatly overstated. The FTC staff believes that the costs of the program will be modest in relation to the substantial benefits greater information on the American economy's functioning will yield.

THE PROBLEM OF DATA CONFIDENTIALITY

Business corporations have expressed concern that the Line of Business program might lead to the release of information which should properly be kept confidential. If companies were not reluctant to publish accurate information on performance in their detailed lines of business, there would of course be no need for a mandatory LB program. To accept as confidential any information industry so labels would be a dereliction of the Federal Trade Commission's traditional duty. Yet there are statutory and well-established rules for resolving conflicts between businessmen's desire for confidentiality and the public's right to know. The Federal Trade Commission fully intends to comply with those rules in administering the Line of Business programs.

The form of data publication

Table 3 provides an illustration for a hypothetical industry of the form in which the aggregated industry data will be published. In the table's rows are the various data items to be collected under parts E and F of the LB reporting form together with diverse subtotals and totals. The items are organized so that the upper three-fourths of the table corresponds to a fairly complete income statement, while the bottom quarter comprises an abbreviated balance sheet.

Subtotals in the income statement section include gross margin, operating income, net income before income taxes and extraordinary items, and net income after all such deductions. Some of these magnitudes will depend less upon allocated expenses than others, and therefore they will be less subject to errors due to the possible arbitrariness of allocations. For example, we anticipate that relatively few expenses will be allocated in computing gross margins. On the other hand, net income will be affected by all costs alloactions. Given this array of statistics, users can chose between working with figures which are relatively free of allocation problems or which include all expenses.

TABLE 3.—LB 39.99: FABRICATION OF BOOJUMS AND SNARKS

[All figures are in millions of dollars]

	Direct (A)	Allocated by companies (B)	Direct or allocated by companies (A+B) (C)	Allocated by LB staff (D)	Total (C+D) (E)
Total sales or receipts	20,000		20,000		20,000
Cost of sales and operations:					
Inventories at beginning of fiscal year less inventories at end of fiscal year	(700)		(700)		(700)
Material	9,800	50	9,850		9,850
Labor	3,900	20	3,920		3,920
Depreciation, depletion, and amortization on plant, property, and equipment	500	50	550	50	600
Other costs of sales and operations	500	400	900	100	1,000
Total	14,000		14,520		14,670
Gross margin	6,000		5,480		5,330
Operating expenses:					
Media advertising	150	20	170	10	180
Other selling expense	60	30	90		90
Research and development	550	50	600	50	650
Other operating expense	900	200	1,100	300	1,400
Total	1,660		1,960		2,320
Operating income	4,340		3,520		3,010
Nonoperating expense net of nonoperating income					
Interest expense	NA	NA	NA	300	300
Net income before income taxes	NA		NA		2,710
Income taxes:					
State and local	30	20	50	100	150
Federal	NA	NA	NA	1,280	1,280
Total					1,430
Net income after income taxes	NA		NA		1,280
Extraordinary income less extraordinary expense, net of applicable taxes	20	10	30		30
Net income	NA		NA		1,250
Gross plant, property, and equipment	9,800	3,600	13,400	2,800	16,200
Accumulated depreciation, depletion, and amortization on plant, property, and equipment	6,000	1,800	7,800	650	8,400
Net plant, property, and equipment	3,800		5,600		7,800
Other assets	1,200	700	1,900	1,300	3,200
Total assets	5,000		7,500		11,000

In addition, the table permits users to analyze data involving only directly attributable expenses, figures involving only expenses allocated by the responding firms in addition to the directly attributable costs, or data which include all allocations, whether made by the firms or the FTC staff. Among other things, this breakdown permits the user to determine how much allocation lies behind any specific statistic, and hence how much confidence one might reasonably place in the estimate. Separate analytic studies by the FTC staff will vary the assumptions under which common costs are allocated to determine the sensitivity of income figures to those assumptions.

The most important magnitudes of Table 3 will also be subdivided by groups of firms in the order of their industry sales rank, but only at a sufficient level of aggregation so as not to violate the Census law provisions preventing the disclosure of information on any single reporting enterprise. Other planned components of the annual Line of Business report will be tables showing rates of return on assets and profit margins on sales for a series of years (after the program has been in operation for a sufficient period) and the extent of secondary product contamination in the statistics. The latter analysis will probably take the form of a matrix showing the amount of sales classified to, say, line of business A which more appropriately belongs in category B.

The underlying Line of Business data files would also be useable by (though not directly accessible to) Federal Trade Commission staff or (under appropriate cost reimbursement arrangements) outside investigators for fundamental research on characteristics of the American industrial economy. Suppose, for example, an economist wished to investigate the impact of market structure, profitability, and risk on companies' financial leverage choices. He would supply to the FTC's Division of Financial Statistics appropriately coded tapes containing variables not included in the basic LB files. These tapes would be matched by Division of Financial Statistics personnel with the LB tapes, the desired correlations or other statistical manipulations would be performed, and the summary results would be reported to the outside investigator. Under no circumstances would the results reported include information violating the Census disclosure law. In particular, outsiders (including members of the FTC industry analysis and enforcement staffs) would not be permitted to see any raw data or transformations thereof covering individual companies supplied in confidence for the LB program.

Detailed disclosure limitations

Even the publication of data in table form might raise fears that individual firm data would be disclosed. This has not been an issue in the preparation and publication of the *Quarterly Financial Report*, since the number of firms included in each data cell has always been large—more than 11,000 firms to fill 31 industry reporting categories. But the Line of Business program will include only 500 companies reporting on an estimated 3,200 individual manufacturing lines to fill 219 industry reporting cells. The average number of firms per reporting cell is over 350 for the QFR, as compared to 15 for Line of Business. Because the probability of having only a few firms in each cell is high, the economics staff recommends that

data not be published on any cell which contains fewer than three firms. Such a policy is consistent with the Census disclosure law.

For cells which contain fewer than three observations, two alternatives are available. The first is to increase the cell's coverage by adding appropriately specialized firms to the Line of Business sample. The second is to combine lines sufficiently so that disclosure problems are eliminated. The first course is the preferred one, although high concentration of activity in some lines may require that the second course be followed.

Some company representatives questioned the ability of the Commission to treat the LB data confidentially, given the Freedom of Information Act. The Commission has expressed the view that LB information is exempt from disclosure under that Act. Furthermore, it has stated that it will resist any attempts to obtain individual company data through the courts or otherwise.

Restrictions on internal use

This confidential treatment extends beyond release of data to the public. It includes any use within government for taxation, regulation, or investigation or for any Commission law enforcement activity. Because of the Commission's involvement in investigation and litigation, it has formulated rules restricting access to data received in QFR company reports to certain FTC staff members. These rules will apply to LB materials as well. An explicit statement of the rules was published in the *Federal Register* on July 13, 1973. Through an oversight, the July 13 statement prevented the Bureau of Economic Analysis of the Department of Commerce from obtaining access to information required in preparing gross national product estimates. This necessitated a correction, which was published on September 18, 1973.

Subsequently, at the Business Advisory Council for Federal Reports meeting on October 17, 1973, the OMB Examining Officer announced that the confidentiality strictures were agreeable to both the Federal Trade Commission and OMB.

The rules restrict access within the Federal Trade Commission to two groups, both within the Bureau of Economics. They are the Division of Financial Statistics, which has responsibility for publishing the *Quarterly Financial Report* and will also be responsible for the LB Report, and the unit within Economic Research and Services charged with publishing the *Statistical Report on Mergers and Acquisitions* and other statistical reports. No member of these groups will be involved in other activities of the Commission, nor will any other Commission employee have access to the individual company reports. This restriction even applies to Commissioners and to the Director of the Bureau of Economics.

Persons transferred out of these units will be under the same restrictions as individuals who cease employment with the Commission, i.e., prohibited from disclosing or using the information to which they have had access. Any person violating the restrictions will be subject to criminal prosecution.

CONCLUSION

No one will deny that the Line of Business program is a complex undertaking. Many obstacles must be surmounted in implementing it. For almost a year the Federal Trade Commission has attempted to respond to suggestions and comments of industry representatives, academicians, professional accountants, and potential data users in an earnest effort to make the program serve the broad public interest to the maximum possible degree. There has been considerable criticism, much of it constructive. The time has come, however, when criticism operates more to delay than to advance a program urgently needed if the Federal Trade Commission is to continue fulfilling its traditional role as an illuminator of industrial performance. Granted, difficult implementation problems remain. But their solution is most likely to be achieved if a commitment is made to go forward with the program so that the parties involved—FTC statisticians and accountants and industry's operating personnel—can address themselves in the great constructive American tradition to working out for each reporting firm and each line of business a viable set of reporting norms. Now, we believe, is the time for purely negative criticism to cease and the constructive task of implementation to commence.

Mr. HART. Mr. President, will the Senator yield me 5 minutes?

Mr. PROXMIRE. I am happy to yield such time as the Senator from Michigan may require.

Mr. HART. Mr. President, I appreciate very much the effective presentation just concluded by the senior Senator from Wisconsin. Indeed, I am almost hesitant, because in many respects, I rise to reiterate many of the points he has made.

In addition, Mr. President, I want to express my appreciation and admiration for the role that the able senior Senator from Arkansas (Mr. McCLELLAN) played in developing what I believe to be a reasonable and responsible compromise concerning FTC's line-of-business financial reporting program.

I am authorized to indicate that while Senator McCLELLAN, at the moment, is unable to be in the Chamber, he has permitted me to express his commitment to and support of the committee compromise developed in response to intense competing claims and to which the Senator from Wisconsin just addressed himself.

As it came from the House, this bill put severe restrictions on FTC's attempts to collect, analyze, use and divulge this data. Although I fully understand that this was not the intent, I think the restrictions would have made the whole procedure of limited value—and would have kept the information collected out of the hands of governmental agencies and Congress—which could benefit greatly from access to line-of-business data.

The basic thesis on line-of-business reporting, of course, is that large corporations—multiproduct operations—should be required to make public as much information on their companies as single-line product companies do in their annual reports.

The idea is that it would be of no greater harm to General Motors, say, to reveal its data on washing machines than it is to Maytag or Whirlpool who routinely report such data.

The Senate committee's compromise does not remove all of the House's restrictions. It does not allow the Commission to routinely publish individual line-of-business reports. But, the bill now before us will permit the Commission to use the data in the performance of its statutory duties. And, the data will be available to selected governmental agencies and congressional committees under enumerated conditions.

This, it seems to me, is proper.

After the House action, I requested the views of the General Accounting Office on the restrictions then built in. I ask unanimous consent that the GAO reply be inserted at the conclusion of my remarks.

There are three sentences in the letter which I wish to quote simply because they express my general views on confidentiality better than I could:

> We believe, however, that there is some tendency in such matters, both in Government and in industry, to overclassify information. We believe that the burden of proof should be on agencies, organizations, or businesses seeking confidentiality. In other words, we believe there should be a general rebuttable presumption of disclosure.

One of the restrictions built into the bill by the House would have limited the FTC to collecting data from only 250 companies—one half the number the Commission proposed to survey.

The Senate compromise allows the Commission to use the 500 companies—and I think this change is extremely important. For the smaller figure would have muddied up the data on profits—forcing inclusion of certain companies in one industry and leaving them out of another where they also appropriately belong. Inclusion of more firms also protects against disclosure of individual company information—due to only the top one or two companies in an industry being surveyed.

As I said in the beginning, line-of-business data really attempts to right an inequity which has crept in as a result of recent merger waves. For years, published data on company profits have been used by Government agencies and business and financial analysts. The quality of these data has deteriorated as corporations have grown larger and more conglomerate.

All in all, I think the senior Senator from Arkansas has accomplished a workable compromise on a hotly contested issue. The public's need to know will be well-served by Senate acceptance of the committee's recommendations. Hopefully, this compromise between corporate secrecy and the public's need-to-know will be acceptable also to the other body.

Mr. President, I cannot agree with those who would limit FTC's data collection to revenues until the reporting system is debugged.

FTC already has acted to reduce substantially the quantity of information collected and the costs of compliance:

The number of reporting firms has been reduced—from 2,000 to 500;

Optional treatment of joint costs has been approved;

The number of product lines have been significantly reduced—from 600 to 230;

Transfer pricing problems have been substantially reduced;

The time for answering the questionnaire was extended from 90 to 150 days;

The requirement for reconciling the company's data with SEC total company data was eliminated;

Information on activities of foreign subsidiaries and joint ventures was dropped; and

The reporting requirements with respect to subsidiaries was reduced by raising from 20 percent to 50 percent the

ownership necessary to constitute control.

FTC is not insensitive to the need to debug the system, Mr. President. Limiting the questionnaire to revenues—which are relatively easy to break down by line-of-business—would result in few bugs existing to be worked out, however.

Mr. President, knowing the emphasis that the Senator from Nebraska (Mr. HRUSKA) has placed on the uncertainties that attach to the reliability of the line-of-business data due to variations in company accounting practices, we should be reminded of the position recommended by the General Accounting Office. Senator HRUSKA stressed that the General Accounting Office had acknowledged inconsistencies. But the General Accounting Office had this recommendation, and I should like to read an excerpt from it and then ask unanimous consent that it be printed in full at the conclusion of my remarks:

> I believe this advice is warranted by the fact that the necessity for the information is a matter for FTC determination; by the broad support for the concept of line-of-business reporting; and by the need for experience and experimentation if reliable Line of Business information is ever to be obtained.

The initial questionnaire, Mr. President, has been voluntarily limited by the FTC to direct cost data and easily allocable general administrative costs. Specifically, the first year the Commission will request costs of materials, costs of labor, and media advertising expenses on a line-of-business basis. Line-of-business data on inventories, depreciation, depletion, and amortization, or general administrative expenses, other than direct costs of media advertising and research and development will not be collected the first year.

Collection of line-of-business data has been debated for too many years. The Commission is prepared to proceed on a fair and equitable basis. The General Accounting Office has recommended against proceeding on a sample or partial basis. Mr. President, it is time to collect and analyze this important information, and in the process determine what is most effective.

I ask unanimous consent that the texts of two Commission letters explaining the line-of-business program and opposing a limitation on its scope to sales and receipts be printed in full at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. HART. I also ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a Bureau of Economics staff report, an item from the U.S. General Accounting Office headed "GAO Approves FTC Line-of-Business Form But Limits Time Span," a letter dated July 10, 1974, from Mr. Phillip S. Hughes to me, and letter to the Honorable Lewis A. Engman from Reed, Smith, Shaw & McClay.

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

(See exhibit 2.)

EXHIBIT 1

FEDERAL TRADE COMMISSION,
Washington, D.C., July 18, 1974.

Hon. PHILIP A. HART,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HART: This is in response to your request of this morning for information regarding a suggested amendment to the Commission's Line of Business reporting program that would, as I understand it, prohibit the Commission from collecting information from business firms other than information about the sales and receipts of such firms.

This proposal is very similar to (and in certain respects more restrictive than) a proposal that the Commission has recently received from the Business Roundtable. (See attached letter.)

The Commission staff has carefully reviewed the "sales and receipts" proposal and has found it to be wholly without merit.

First, it undermines the whole purpose of the Line of Business program by utterly failing to provide any information about profits or costs. Such information is at the heart of the whole program.

Second, complete and more detailed information about sales and receipts is already provided by companies to the Census Bureau. In short, there is no need for such information standing alone, and the staff believes that its collection would be worthless.

Third, the net effect of the proposed "sales and receipts" scheme would be to deprive the public of useful, publishable, aggregated information about the performance of the American economy. It would, in other words, rob the program of its principal purpose.

It is our understanding that proponents of the "sales and receipts" proposal argue that the Line of Business program will produce unreliable information. This is the same argument that has been relentlessly made ever since the program was conceived. The Commission has considered this argument and rejected it. The General Accounting Office considered the argument and approved the program. The Commission staff has addressed the question in great detail in the enclosed staff report (see pp. 11–14). In short, we see no merit in the argument.

Finally, it is argued that "sales and receipts" data will be helpful to the Commission during the initial phases of the program. The Commission staff disagrees and believes that such information would be worthless since it will not provide any information on costs or profits.

Sincerely,

CALVIN J. COLLIER,
General Counsel.

FEDERAL TRADE COMMISSION,
Washington, D.C., May 15, 1974.

Hon. PHILIP A. HART,
Chairman, Antitrust and Monopoly Subcommittee, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for our views on the May 13, 1974, report of the General Accounting Office on the Commissions Line-of-Business questionnaire.

The Comptroller General decided not to object to immediate implementation of line-of-business reporting, and, needless to say, the Commission is most pleased with that position. We agree with the report's observation that, "There is broad support for the general objective of line-of-business reporting."

In addition, the GAO recommended that the Commission undertake further discussions with business representatives and other government agencies to further reduce the reporting burden to firms generally and to improve the quality of the data. The Commission has determined that this suggestion has merit. Indeed, the Commission and its Bureau of Economics have felt all along that the Line-of-Business program will be steadily improved by continuing consultations with business representatives, government agencies, and other members of the public. It was for this reason that the Commission indicated on March 27, 1974, that, if requested by interested parties, it would conduct hearings on improving the questionnaire. In addition, Bureau of Economics personnel will be available for consultations with individual reporting companies to answer any questions that might arise. Further, the Commission will be pleased to continue to consult with other government agencies concerning means to coordinate most effectively the collection and use of data collected by the government.

However, to the extent that the GAO's recommendations may be construed as conditions precedent to future implementation of the Line-of-Business program, we believe that the Comptroller General has no legal authority to impose such conditions pursuant to P.L. 93–153. Since the statute clearly grants to the requesting agency exclusively authority for determining whether or not to collect the data in question, we cannot accept the implication that the Comptroller General can in any way absolutely condition the continuation of the program. Further, if the Comptroller General deems it necessary or desirable to conduct an annual review of what is envisioned by the Commission to be a permanent program, it is the the Commission's position that GAO comments under the statute should be restricted to questions of duplication and burden and should not be addressed to other issues such as reliability of data.

The Commission recognizes that the GAO's review was conducted within 45 days. However, the Commission is constrained to indicate its disagreement with certain assertions of the GAO report lest silence be construed as acquiescence. First, the Commission disagrees that the data produced by line-of-business reporting will be "unreliable" or "misleading." Second, the Commission disagrees with the suggestion that the costs of compliance will be significantly larger than the Bureau of Economics' estimate of average start up costs of $10,000 to $20,000 per company and $5,000 to $10,000 annually thereafter.

These contentions and others that have been made by business representatives are amply answered in a recently prepared staff paper on the Line-of-Business program. That paper is enclosed for your information.

The contention of "unreliability" is apparently grounded in a basic misunderstanding of the purpose of the program. Although the program was never envisioned as producing 100% reliable data, the data to be produced will most assuredly be reliable as a bellwether of industry-by-industry economic performance. Indeed, we sense that its very reliability is at the heart of the vehement opposition that the proposal has encountered. In addition, the data will be far more reliable than currently available information on industry performance. For example, the Commission's staff estimates that data contamination attributable to product classification will be reduced from the approximately 33 percent which currently characterizes the Quarterly Financial Report to approximately 9 percent under the Line-of-Business program.

With respect to the costs of the program, the Commission has already taken steps to reduce by multiples the burdens imposed on companies. Several changes have already been made since last August to reduce costs

of compliance: the number of reporting firms has been reduced (from 2,000 to 500); optional treatment of joint costs has been approved; the number of product lines have been significantly reduced (from 600 to 230); and transfer pricing problems have been substantially reduced. In addition, the time for answering the questionnaire was extended from 90 to 150 days; the requirement for reconciling the company's data with SEC total company data was eliminated; information on activities of foreign subsidiaries and joint ventures was dropped; and the reporting requirements with respect to subsidiaries was reduced by raising from 20 percent to 50 percent the ownership necessary to constitute control. All of these changes have been made with one eye on costs and the other on the quality of the data.

Moreover, the company estimates of compliance costs are clearly inflated. These estimates apparently stem from unwarranted assumptions regarding the methodology to be used in completing the questionnaire. Various firms and their representatives have conjured rather grandiose systems for obtaining the required data. No doubt, such expensive systems could be developed at great expense and the information they produce would suffice. However, far less effort would also suffice. As the enclosed staff report explains:

"One could develop complicated accounting systems to allocate this small fraction of total costs by FTC line of business. Many companies already have such systems in operation. How many do is impossible to estimate, since information supplied privately to the FTC staff on this point has sometimes contradicted official company pronouncements. For those companies which do not have such cost allocation systems or whose fields of allocation match the FTC's proposed lines of business imperfectly, the added precision gained by creating wholly new, elaborate allocation systems would undoubtedly not justify the cost. All the FTC is asking is that such allocations be made on the basis of reasonable, clearly articulated criteria. The sensitivity of profit figures to the application of alternate allocation criteria will then be tested by FTC staff, and where significant interpretational errors might arise as a result of the cost allocation conventions adopted, appropriate cautionary statements will be included in the published LB summary reports. The FTC Division of Financial Statistics also stands ready, as it has in the past, to work out particularly difficult cost allocation problems with industry representatives in order to ensure that the ultimate summary reports are as meaningful as possible within the limits of the unavoidably imperfect accounting art.

"The kinds of cost allocation effort implied here do not therefore require elaborate new computer systems. Performing such allocations is a normal function of industrial cost accountants. Such problems are often assigned as exercises to master's degree students in cost accounting. We estimate that a M.B.A. or C.P.A. thoroughly familiar with a corporation's accounting systems could pull together the necessary information from routine Census and internal company reports, make the further allocations required for LB, and write the appropriate explanatory footnotes in about one working week or at most two weeks per line of business. Assuming that such a junior executive earns $25,000 per year and has equal clerical and secretarial support costs, the average compilation cost per line of business would be roughly one to two thousand dollars. For the average top 500 companies with 6.5 lines of business, this implies an annual cost of $6,500 and certainly not more than $15,000 per year. For the most extensively conglomerate corporations the costs will, of course, be higher, but such a burden can hardly be intolerable when sales are hundreds of millions or even billions of dollars per year.

"To conclude this discussion of costs, it is clear that the cost of generating line of business information will not be negligible. But it seems equally clear that many of the extremely high estimates cited in industry briefs opposing the Line of Business program are greatly overstated. The FTC staff believes, although, of course, it cannot prove, that the costs of the program will be modest in relation to the substantial benefits greater information on the American economy's functioning will yield."

Finally, the Commission takes strong exception to any inference in the Report that the Commission has not been diligent in its efforts to solicit meaningful input from the business community. The Commission has taken great pains to solicit the cooperation of the business community in developing the line of business program and any failure of communication in this regard must, we feel, be ascribed to the resistance of the business community to the program in general.

In conclusion, our view is that the Line-of-Business program is long overdue. It will not only usher in quantum improvements in existing knowledge about the nation's economic performance, but will, we predict, initiate significant strides toward a more competitive and more dynamic national economy.

By direction of the Commission.

LEWIS A. ENGMAN,
Chairman.

EXHIBIT 2

[Bureau of Economics Staff Report—Federal Trade Commission]

LINE OF BUSINESS REPORTING PROGRAM

ACKNOWLEDGEMENTS

This is a Staff Report to the Federal Trade Commission by the Bureau of Economics, James M. Folsom, Acting Director. Keith B. Anderson, Mr. Folsom, William Levin, William F. Long, Russell C. Parker, and F. M. Scherer [1] are the authors of the report.

The authors wish to acknowledge the assistance of Joanne Brasco and Ira Whitten in the preparation of this report.

INTRODUCTION

Few actions contemplated by the Federal Trade Commission have attracted as much attention and criticism from industry as the proposed Line of Business (LB) program. The Bureau of Economics staff has attempted to be responsive to suggestions and criticisms of industry and to devise a program which simultaneously serves the public interest and satisfies a feasibility criterion. It admits that it has made mistakes. It has tried to learn and to improve the program in response to constructive suggestions from many interested parties including business concerns, accounting firms, and other government agencies. However, it is also clear from the opposition its efforts have evoked that an unusually sensitive nerve has been struck. In this paper the economics staff seeks to clarify the rationale for the program and to assess the principal criticisms. The report deals in turn with the background of the program and its uses, the meaningfulness of statistics to be collected, the burden which will be imposed upon complying corporations, and the problem of confidentiality.

THE PROGRAM'S HISTORICAL BACKGROUND

Government efforts to induce disclosure of business corporation operations are no new development. Even before he was elected to the Vice Presidency, Theodore Roosevelt concluded a January 3, 1900, address on the "trust" problem:

It is therefore evident that publicity is the one sure and adequate remedy which we can now invoke. There may be other remedies, but what these others are we can only find out by publicity, as the result of investigation. The first requisite is knowledge, full and complete.[2]

This view was instrumental in Roosevelt's creation in 1903 of the Bureau of Corporations, whose prime mission was to investigate and publicize the activities of monopolistic business corporations. During its short history, the Bureau conducted numerous studies of lasting importance, including those on such major industries as meat packing, steel, tobacco, and petroleum refining—forerunners of major antitrust actions.

Successor to the Bureau of Corporations was the Federal Trade Commission, one of whose main functions, President Woodrow Wilson recommended to a joint session of Congress on January 20, 1914, would be to serve as an "indispensable instrument of information and publicity." [3] Since that time the FTC has continuously carried out programs to make qualitative and quantitative information on corporate performance available to Congress, government executive agencies, and the general public.

Legislation resulting substantially from FTC reports included the Export Trade Act of 1918 (Webb-Pomerene), the Packers and Stockyard Act of 1921, the Radio Act (1927), the Federal Communications Act (1934), the Federal Power Act (1935), and the Celler-Kefauver (antimerger) Act (1950). At the time of the "Great Crash" in 1929, the FTC was studying stock manipulation and other problems in securities markets. It subsequently recommended that another permanent independent regulatory commission be established to specialize in securities regulation. Congress acted and established the SEC, which in fact was housed in the FTC during the first years of its existence.

In the late 1930's the Commission became the fact-finding and research arm of the Temporary National Economic Committee (TNEC). It produced major studies for the TNEC on monopoly performance in five industries and on the relative efficiency of small, medium, and large business organizations. In 1938 it began a permanent program for current profit information reporting. This soon became a tool in our World War II mobilization effort. The Commission's expertise also proved to be invaluable in several wartime studies of costs and efficiency. Following World War II, the FTC's profit reporting program evolved into what is now the *Quarterly Financial Report* series, subscribed to by several thousand government, business, and educational organizations.

RECENT CORPORATE REPORTING DEVELOPMENTS

During the past two decades the problems faced by such agencies as the Federal Trade Commission, the Securities and Exchange Commission, and the Internal Revenue Service in attempting to make useful information available on industries' financial performance have been aggravated by new corporate structural developments. A massive and continuing merger wave following World War II greatly increased the concentration of assets among the largest manufacturing corporations. In the 1960's this merger movement became more and more conglomerate in character. As business firms merged or expanded to embrace under one corporate roof an ever wider array of industrial and commercial activities, it became increasingly difficult to determine from the various published financial reports what was happening in any given narrowly defined industry. Conglomerate corporations typically publish only very limited details on their operations broken down by product line, and the product lines they choose to single out are characteristically much too broad to afford real insight into particular industries' functioning. Lacking disaggregated line of business data, government and private financial statistical reporting agencies are forced to prepare their industry analyses by assigning the data

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Footnotes at end of article.

for a whole company to the industry in which the company has its largest sales volume—that is, to its so-called "primary" industry. Using this approach, figures for such performance indicators as industry profitability or advertising outlays include amounts derived from products sold by firms assigned to that industry, but which do not really belong in the industry. At the same time, figures are excluded for relevant products which are produced by firms not primarily classified in the industry.

To elucidate this point, we begin by noting that the number of domestic four-digit SIC manufacturing industries in which the 200 largest U.S. manufacturing companies participated increased from an average of 13 in 1960 to an average of 20 in 1968. This means that on the average, the use of the primary classification method to construct four-digit industry profit tables from data supplied in the consolidated company reports of the 200 largest manufacturers would cause contaminating data from 19 secondary activities to be in with relevant data for the primary industry. Since 1968 the statistical situation has worsened as large companies have continued to diversify.

The effect of multi-industry participation is seen more concretely in statistics for a sample of some 136 corporations that have submitted Pre-Merger Notification data to the FTC since 1969. The sample included all companies which submitted such reports and which ranked among the top 500 U.S. manufacturing corporations. A tabulation of the detailed sales figures submitted by the companies, after their sales were classified into the 219 manufacturing industry categories proposed for the FTC Line of Business reports, shows that these companies were 43 percent specialized to their primary FTC line of business.[4] In other words, for each dollar of relevant data the average company contributed to its primary line of business, it contributed $1.33 of contaminating data—data relating to the secondary activity industries in which it participated. Considering that the 200 largest manufacturing corporations account for 60 percent of all manufacturing assets and the 500 largest 73 percent, it is apparent that profit summaries based upon the assignment of whole companies to a specific industry or line of business are highly misleading.

Table 1, reproduced from the FTC staff's 1973 Economic Report on the Dairy Industry, illustrates the problems encountered under the primary industry classification approach. It shows that of the top eight fluid milk processing companies, only the three largest were primarily classified to that industry in 1967. Those three companies alone simultaneously carried secondary activity data into fluid milk industry profit tabulations equal to 37 percent of the total sales of the fluid milk industry. Since much of the milk industry's output was actually classified in other industries, the overall contaminating effect of this secondary activity data on fluid milk processing industry profit rates was even greater.

Similar problems exist in many other lines of business. One additional example is useful. Of leading computer mainframe manufacturers during the 1960's, seven firms—Sperry Rand, Control Data, Honeywell, RCA, General Electric, NCR, and Westinghouse—filed Pre-Merger Notification forms with the FTC. On the average those seven firms were less than 15 percent specialized in the computer industry, and all but two were primarily classified in other industries. Although authenticated product data for IBM are not available in Bureau of Economics files, published accounts indicate that nearly half of IBM's business activity is abroad and as much as 75 percent of its profits come from foreign sources. It seems quite clear that using whole company data to tabulate profit or other performance indicators for the domestic computer industry would not yield even a remotely accurate view of what is happening in that important field.

TABLE 1.—DIVERSIFICATION OF THE 8 LARGEST FLUID MILK PROCESSORS DURING 1967

[In percent]

Largest dairy companies	Company's share of fluid milk industry shipments	Is company primarily classified as a fluid milk products processor?	Percent that fluid milk product shipments are of the value of total company shipments	Nonfluid milk product shipments of this company as a percent of the total shipments of the fluid milk products industry
Borden	6.3	Yes	32	13
Kraftco	6.2	Yes	28	16
Beatrice	4.1	Yes	35	8
Top 3	16.6		[1] 32	37
Foremost	3.4	No	19	[2]
Southland	2.2	No	[3] 25	[2]
Safeway	2.2	No	[3] 5	[2]
Dairylea	2.1	No	[4]	[2]
Carnation	1.9	No	22	[2]
Top 8	28.4			

[1] Average.
[2] Not computed because companies are not primarily classified in the fluid milk products industry.
[3] Estimated.
[4] Low.

Source: Bureau of Economics, Federal Trade Commission.

Matters would be improved if company financial statements provided a more detailed picture of activities in specific product lines. In 1969 the Securities and Exchange Commission began requiring registered corporations to disclose line of business revenues and income on certain SEC disclosure statements. The rule was later extended to include annual 10–K reports to the SEC. The purpose of this rule is limited, however. The SEC is preoccupied largely with the information requirements of individuals or organizations investing in particular firms. It is not concerned with the problems of persons attempting to analyze the performance of industries, nor does it require firms to supply their information at any sharply focused level of detail. Companies define their own data submission categories, and they are their own judges of reasonableness and relevance.

Regarding the number of categories, the SEC rule states that corporations with assets of more than $50 million are required to report on lines of business that comprised 10 percent or more of sales. A sample of SEC reports for 1970 shows that companies having half a billion dollars or more in assets reported 40 percent of their activity in categories that lumped together operations in different major two-digit SIC industrial groups. Examples include the scrambling of such diverse activities as home construction with automobile rentals, publishing, and training schools; or the manufacture of eyeglasses with sporting goods and mobile homes; or yacht construction with the manufacture of textile machinery and information processing devices; or women's fashion clothes with medical diagnostic services.

A Bureau of the Census tabulation based on 1962 data shows that even if the largest corporations applied the SEC 10 percent rule with respect to each broad industry category used by the Census Bureau for classifying enterprises, they would only have to report separately on a small percentage of the total number of industries in which they participated. The 50 largest corporations would have to report on only 14 percent of their categories, while the 151st to 200th would report on 40 percent. Changing the rule to a fixed $25 million dollar standard would increase the number of reporting categories to 42 percent for the 50 largest manufacturers. The $10 million FTC line of business rule would of course be much more inclusive.

To sum, the spread of the conglomerate phenomenon has made it increasingly difficult and in many instances impossible to obtain a reliable, undistorted view of the financial performance of many important American industries. Relative to Theodore Roosevelt's demand for "knowledge, full and complete," there is now a critical dearth of needed statistical materials. This shortcoming desperately needs to be remedied.

DATA

Comprehensive, well-focused information on profits and other measures of industry performance is desirable for a number of reasons. Perhaps most important, the industrial economy can operate efficiently only if there are clear-cut signals guiding the allocation of resources into those fields where buyers' demands are incompletely satisfied relative to the cost of supplying additional output, and away from areas in which supply is excessive in relation to demand. Profits play a crucial role in this signaling process. The improved profit data provided by the LB program will help companies, individual investors, and the Federal Trade Commission make better-informed decisions, with a direct impact on the efficiency of resource allocation.

One impact of LB will be to help point out those industries in which demand is inadequately satisfied and as a consequence profits are particularly high. Thus, it will show where existing companies can profitably invest in expanded capacity and new competitors can enter. Granted, existing producers usually have internal data to guide expansion decisions, and outsiders in the best postion to enter may know enough about potential operating costs that they might base competitive entry decisions on comparisons of price vs. cost rather than mere observation of prevailing profits. But even for most-favored potential entrants, such price-cost analyses require intensive managerial effort, and the effort is often not undertaken unless management is stimulated by knowledge of continuing high profit realizations by insiders. Line of Business data will accelerate this recognition process. As a DuPont executive complained, "It could lead other companies to concentrate on our more profitable lines."[5] The information will also permit insiders to

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compare their own profit results with those of a larger sample of industry participants, prodding them to introduce cost-saving production methods or improved products when the comparison is unfavorable.

Another force potentially disciplining the allocation of resources is the decisions of investors, large and small, in the securities markets. When a line of business is profitable, investors bid up the price of the participating firms' stock, facilitating expansion. When a line is unprofitable, stock prices should be depressed, discouraging expansion and encouraging the timely withdrawal of resources to more remunerative lines. Yet when the returns of both profitable and unprofitable ventures are scrambled together in conglomerate corporations' reports, it is much harder for investors to exercise this selectivity so important to the proper allocative functioning of capital markets.

When an industry is growing only slowly or declining, this element of discipline through investor choices is attenuated even more sharply, since management may be able to finance all desired new investments using retained earnings. Here serious resource misallocations may occur, recent economic research suggests. Baumol, Heim, Malkeil, and Quandt found that on the average, large U.S. corporations earned much lower returns on reinvested retained earnings than on new equity issues—quite possibly because corporate managers prefer to continue building their own sales empires even when it is unprofitable, rather than distributing more earnings to shareholders (and through the individual income tax, to the Federal Treasury).[6] These results have been criticized on various statistical grounds, in part because the data with which the economists had to work are so deficient due to conglomerate scrambling.[7] More recent research by Professors Grabowski and Mueller suggests that the problem of unremunerative investment is centered mainly in the less dynamic firms, where the conflict between managerial empire builders and stockholders is sharpest.[8] Grabowski and Mueller also discovered that investors show their displeasure over excessive earnings retention in non-dynamic industries by bidding down the prices of such companies' commonstock shares, in extreme cases rendering the firms vulnerable to a take-over raid and perhaps ejection of the incumbent management. Yet the ability of stockholders to exercise this indirect form of discipline is severely impaired by the scrambling of returns * * *. Publication of the Line of Business profit data would help stock anaylsts and ultimately investors make decisions which force managers to use the resources at their command efficiently.

If new competitive entry and expansion investment encouraged by investor share bidding fail persistently to reduce profit returns in some industries to the level of capital costs, monopoly may be to blame. Intervention by the antitrust agencies may then be appropriate to create conditions conducive to levels of capacity investment and output responsive to consumer demands. Line of Business profit data will be a valuable tool in helping the enforcement agencies direct their activities toward those industries where the market is malfunctioning most seriously. To be sure, they cannot be used as the sole and decisive indicator. Profits may be persistently high because of socially important scale economies or because firms have developed superior new products or processes protected by valid patents. Or profits may fail to be abnormally high despite the presence of monopoly because companies are inefficient and have opted for "the quiet life." Line of Business data can never be a deus ex machina by which antitrust enforcers unwaveringly identify monopolistic industries. But they can be an important component in the enforcers' arsenal, helping to select industries for further investigation, to evaluate the quality of specific industries' performance, and to use the limited investigatory and adjudicative resources at their disposal more wisely. Through the more rational allocation of antitrust resources, the overall allocation of America's industrial resources will in turn be improved.

Here other outputs of the LB program also become relevant. To assess the quality of an industry's performance, one must evaluate not only profits, but also technological progressiveness, promotional expenditures, inflationary or counter-inflationary cost trends, and a variety of other indicators. Data on such performance variables for narrowly-defined industries range from meager to non-existent. For instance, it is widely believed that very high promotional outlays are an indicator of possibly deficient industrial performance. There have been many studies of the relationships between advertising outlays, concentration, and monopoly power. Still it is probably true that in most industries, expenditures for personal sales representation and other non-advertising promotional efforts are considerably greater than advertising outlays. Almost no reliable data exist on such expenditures, and as a result it is extremely difficult to assess their competitive significance either in general or in specific industries.

This problem extends beyond the sphere of antitrust law enforcement. The Federal Trade Commission has since its inception been charged with carrying out research and maintaining expertise concerning the functioning of the industrial and commercial economy. As corporations evolve in increasingly conglomerate directions, it becomes more and more difficult to analyze in detail what is happening in the mainstream of the American economy.

Yet if public confidence in our private enterprise economy is to be maintained, an atmosphere of openness and understanding is imperative. Implementation of the Line of Business program will reverse the trend toward decreased transparency of industrial activities and make it possible to begin reestablishing the much-needed base of knowledge and understanding.

No time could be more propitious for this reversal than the present. Now that formal economic controls have been abandoned, the U.S. economy is certain to go through a period of dramatic change. Without much better data on individual industries than those which now exist, it will be impossible to analyze the structure and dynamics of those changes and to pinpoint the reasons why inflation persists or is dampened. Line of Business reporting will facilitate such analyses and (perhaps even more important) will mobilize public chrutiny as a check on industrialists who might be tempted to exploit their unleashed market power to raise prices and profits unconscionably. It may also discourage repetitions of problems like those involving world-spanning petroleum conglomerates during the crude oil crisis of recent months. Before the U.S. Congress, the leading companies testified that most of their substantial profit increase during the last quarter of 1973 and the first quarter of 1974 was attributable to European operations. But in hearings before the German Federal Cartel Office in April the same companies (while declining to provide detailed supporting data) argued that their profits could not be traced to German sales, even though wholesale fuel oil and gasoline prices before taxes in Germany tended to be higher than in most other Western European nations. Such "profit, profit, who's got the profit" games undermine public confidence in conglomerate business. In Western Germany, a bastion of private enterprise since the 1955 occupation cessation treaty, one nationalized petroleum enterprise has already been created during the past year. The recent behavior of American and British oil conglomerates has spurred serious talk of further nationalization.

In 1974 as in 1900, nothing can be more damaging over the long run to public confidence in private enterprise than an attitude among big businesses that the public has no right to know. Antitrust enforcement in America has long been viewed as a substitute for regulation or the more drastic remedy of nationalization. If its effectiveness is thwarted by the increasing difficulty of getting data by which industrial performance can be evaluated, more drastic approaches will sooner or later gain support. The Line of Business program, by supporting the natural workings of the competitive market process and by increasing the effectiveness of antitrust enforcement, is in a real sense a program which may save private big conglomerate enterprise from its own lemming instincts.

THE MEANINGFULNESS OF LINE OF BUSINESS DATA

Many criticisms have been raised by industry representatives concerning the limited meaningfulness and accuracy of the proposed Line of Business reports. Some of this criticism is undoubtedly attributable to the natural propensity for participants in a debate involving vital conflicting interests to portray their opponents' case in something less than the most flattering light. Still valid critical points have also been raised, and the FTC staff has tried hard to improve the LB program so that it will be as effective an instrument of information provision as is possible within reasonable cost constraints. In the pages which follow we describe the adaptations which have taken place and answer prominent criticisms which we consider to have little or no merit.

The arbitrariness of cost allocations

A recurrent critical theme in comments on line of business reporting is that the difficulties in allocating common costs are so great that such reporting would yield data which are meaningless. Common costs exist if it would cost more to produce several products separately than it does to produce them together. The argument here is that any allocation of common costs to the products is arbitrary. If the assignment of costs is arbitrary, it is claimed, then profits reported for the diverse lines of business must also be arbitrary. And finally, since the profit data are subject to arbitrary cost allocations, they should not be used in economic analyses.

There are several reasons why we reject this argument. One is that it is essentially an argument against using any accounting data in conducting economic analyses. The allocation of common costs is only one of several accounting areas in which arbitrary procedures are used. In the treatment of depreciation, for example, there exists a valid set of charges against a long-lived asset. These must somehow be assigned to the several years of the asset's useful life. Such charges are ideally related to the asset's real contribution at different periods in time to the production which the asset facilitates. None of the depreciation rules conventionally used are designed to reflect the "true" charges related to economic usefulness. But neither the accounting profession nor the economics profession has concluded that because the depreciation rules actually employed are arbitrary, the profit data which depend upon them should not be used. Rather, the analyst employing profit data is warned that the results may depend on the depreciation rules embodied. And attempts are made using both conceptual methodology and empirical studies to determine the likely effects of depreciation rule choices on the results of the economic analysis.

A similar problem exists with respect to the

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valuation of assets. Of critical importance is the effect of changes in price levels. If asset prices are rising, say, and assets are valued at original cost, an asset which was purchased in an earlier year will appear to be less valuable than the same asset purchased later. Profit return on asset ratios for the two assets will imply that the older one has a higher rate of return. In truth, of course, they have the same rate of return if they are comparable in all respects but vintage.

An ideal solution to this problem would be to value assets at their current market value instead of at cost. But to do that, it is necessary to estimate current value, and that exercise must involve some arbitrariness. If accurate current market data on asset values could be obtained (which is seldom feasible), virtually all economists would advocate the use of profit figures based on such current cost valuations over those based on original cost valuations, even though the latter involve absolutely no arbitrary elements at all.

This second illustration demonstrates a most important point toward understanding the usefulness of accounting data in economic analysis. It is not arbitrariness per se which is critical. There are no judgments to be made in using the original cost valuation of assets. The same is true of writing off research and development costs as current expenses rather than capitalizing and depreciating them. Each such procedure can be applied without any arbitrariness. But each may lead to serious distortions in reporting the apparent profitability of an economic activity. The alternative in each case must entail subjective judgments; that is, judgments with some element of arbitrariness.

The argument that profit data based on common cost allocations should not be used is invalid not only for the reasons stated above. It is also suspect because its proponents have not offered empirical evidence on the probable effect which the arbitrariness would have. It is certainly true in principle that a change in allocation procedures might lead to a different estimate of profitability. What is critical however, is not the mere fact that such an effect might exist, but its magitude. That different common cost allocation procedures are used is well known. That differences in allocation procedures might cause differences in reported profitability is also well known. What is not at all well known is the quantitative magnitude of those differences. One major virtue of the LB program is that it will permit conducting sensitivity analyses to determine how different allocation assumptions affect reported profits. Such an analytic effort is a significant component of the FTC's contemplated Line of Business program.

That size of the LB company sample

Criticisms have also been levelled at the FTC staff decision to focus on the 500 largest manufacturing corporations. This was decided upon after weighing three partially conflicting goals. The first goal was to obtain sufficient data for the published report to be meaningful, the second to obtain data on a sufficient number of firms to eliminate problems with respect to confidentiality, and the third to minimize the cost to industry and to the FTC.

The best compromise appeared to be obtaining data from the 500 largest manufacturing concerns.[9] These firms account for around 70 percent of all manufacturing assets, thus ensuring substantial coverage of the manufacturing sectors, although their number is less than one-fourth of one percent of all manufacturing corporations. Doubling the number of reporting firms would increase the programs asset coverage by about 5 percentage points.

Of course, experience gained from actually implementing the program may show that the number of firms needs to be changed. At present we cannot predict precisely the problems concerning the amount of data needed to avoid disclosure problems on individual lines of business. One reason for the truncated data request of 1973 was to permit the identification of those lines where the publication of information would conflict with inadequately surveyed lines where such problems arise.

Data contamination under alternate reporting systems

The first two FTC staff proposals (in December 1970 and August 1973) to collect line of business data were frequently interpreted as requiring responding firms to report on a strict product line basis. That is, all costs, sales, and profits of any given product would have to be allocated directly to the relevant line of business. Company spokesmen contended that it was impossible to produce reasonably accurate data on a strict product line basis, or that if it could be done at all, the cost would be exorbitant. Further studies were therefore pursued to find a way of accumulating reasonably accurate data at tolerable costs. Since firms had asserted that a major problem in generating the data was the allocation of joint costs to the various products, the search for a better method concentrated on this aspect. Out of this search came the establishment approach to defining lines of business. Under this procedure, a firm can classify its plants (i.e., establishments) into lines of business on the basis of the largest-selling product in each establishment. This procedure eliminates completely the necessity of allocating plant overhead to diverse products manufactured within a single plant, unless the firm already makes such allocations for its own purposes. It also reduces the cost to firms of complying with the program.

Adopting the establishment approach to defining lines of business was not an unmixed blessing. In return for reduced compliance costs and for data less contaminated by common cost allocation problems, the lines of business will now include sales of products which should ideally be included elsewhere—a phenomenon called "product contamination." Fortunately, data were available to analyze the severity of this problem, and such an analysis was made before the final decision to adopt the establishment approach.

Using data reported in the 1967 Census of Manufactures, the most recent full Census currently available, the degree of product contamination was measured for 196 of the 217 FTC manufacturing lines of business. (It was not possible to analyze all the lines because of changes in the SIC codes between 1967 and 1972.) That analysis showed an average amount of product contamination of nine percent. That is, sales which should actually be alloted to other lines of business would on the average amount to nine percent of the sales assigned to a given line. In only seven of the 196 product lines did the contamination ratio exceed 20 percent.

While everyone would prefer to have absolutely perfect statistics, those who work with data realize that perfect data are never attainable. Thus, the basic question is whether the LB data will be substantially better than what could be generated by the only alternative means—namely, forming lines of business by assigning firms to the industry of their largest-selling product line. Information was also available to measure the degree of product contamination which would result from such a procedure. The data source was the FTC Pre-Merger Notification program. The companies included in the analysis were those 136 large manufacturing concerns among the 500 largest which had made acquisitions triggering reports under the program. An examination of the sales of these companies showed that an average of 57 percent of their sales were in lines of business other than their largest-selling one. The degree of conglomeration was so great that for 20 of the firms, the largest-selling product line accounted for less than one-fifth of the firm's total sales. For any industry to which such a firm's entire sales and profits were assigned, the degree of data contamination would be very great indeed.

Three additional points need to be made. First, the analysis of product contamination for both firms and industries had to be made with seven year old data. Second, although this analysis shows that currently available statistics have much more contamination than the material which the LB program will provide, the extent of product contamination from assigning one firm to one industry is understated because the diversification effect of mergers since 1967 is excluded. Third, any attempt to form lines of business by assigning firms on the basis of their primary product is almost impossible unless one has access to confidential firm data such as that produced under the Pre-Merger Notification program. The severity of this problem increases with the number of lines of business a corporation spans.

The total number of lines of business

A 1970 proposal to collect line of business data would have required companies to furnish information on their activities at the three-digit SIC code level except for selected high-concentration industries where a four-digit level would have been required. In 1973 a different approach was embraced in the hope of obtaining statistics on line of business approximating economic markets defined as meaningfully as possible. On closer analysis, however, this later approach appeared to pose various difficulties. First, it was not comparable with other government statistics collecting programs such as those conducted by the Bureau of the Census or the Internal Revenue Service. Second, the more narrowly defined lines increased the severity of transfer pricing problems. Other government agencies which were potential user of the Line of Business data were particularly critical of the proposed program because of its lack of comparability. In response to both government and industry criticisms, the three-digit approach to line of business definition was largely restored. However, breakouts to four-digit SIC levels were made where concentration was high (i.e., with the leading four sellers commanding a combined market share of 60 percent or higher) or where there was reason to believe that respondents' data collecting systems conformed more closely to the four-digit level than to the three-digit level. The result was a convergence to 228 lines of business, 219 of them in manufacturing.

The FTC staff is of course aware that the current lines of business definition approach involves certain tradeoffs. In addition to reducing compliance costs, broadening the lines may improve the quality of the data slightly, since it may reduce the extent to which common cost allocations and transfer price estimates are required. But such broadening simultaneously reduces the utility of the data to parties needing to know profits for more narrowly defined lines. The compromise struck appeared to be the best one possible under circumstances in which perfection is simply unattainable.

Another tradeoff involved making the lines of business consistent with other government sources of industrial data. Consistency enables the user concurrently to employ the information collected by other government agencies along with the FTC's Line of Business data. While this may reduce the value of the data to the FTC somewhat, it will increase their value to other users. Thus, the tradeoff again appeared to be an appropriate one.

A further point should be noted with re-

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spect to the definition of lines of business. The earlier versions of the proposed reporting form would have collected information on numerous non-manufacturing lines of business.

Because the FTC's *Quarterly Financial Report* is being expanded to include the trade and mining sectors, a decision was made to await an analysis of the quality of data generated under that program before making a final choice as to whether such line of business information should be collected. At the same time, the 500 largest manufacturers are being asked to furnish data on their involvement in broad non-manufacturing lines. This will permit the FTC to make informed comments on the extent of those firms' participation in such areas as agriculture, mining, trade, services, etc.

Number of lines of business per firm

We estimate that the average firm responding to the Line of Business surveys will operate in eleven lines of business. However, this average firm will have sales of at least $10 million in only six or seven of those lines of business. Thus, on average, firms filing Line of Business reports will have to submit financial reports on seven or eight parts of their company—the six or seven lines of business in which they have sales of $10 million or more plus a single report for all the rest of their domestic operations.

These averages are based upon estimates of the number of lines of business and their size for a random sample of 25 of the 500 largest firms. The estimates were developed from the Economic Information Systems (EIS) Datafile. This privately-prepared data bank provides estimates of employment, value of shipments, and the primary four-digit Standard Industrial Classification industry for each domestic U.S. manufacturing plant with 20 or more employees. Combining the sales estimates for all plants which are under common ownership and whose primary product is assigned to the same FTC industry category, we arrived at estimates of that company's activity in a line of business.

Of course, not all the 25 firms in the sample had 11 lines of business. The number of lines ranged from a low of 2 to a high of 33. The number of lines in which the sampled corporations had more than $10 million in sales varied from 2 to 18.

Supplementing this 25 firm random sample, data on lines of business was developed for a few nonrandomly selected firms. The information used was drawn from reports filed with the Federal Trade Commission under its Pre-Merger Notification program. Among the material required under this program are data on value of shipments by four-digit SIC industry for 1967. These data, which are reported on an establishment basis, were used to estimate the companies' sales by line of business of 1967.

The corporations for which value of shipments by line of business were estimated included three of the largest firms which will be reporting under the program, three of the smaller firms required to report, and one firm of about average size among the leading 500. For the large firms—DuPont, Raytheon, and Westinghouse—the total number of lines of business were 30, 19, and 53 respectively. The number of those lines in which sales exceeded $10 million were 16, 9 and 32. Among the smaller firms—Air Products and Chemicals, Columbia Broadcasting System, and Knight Newspapers—the total number of lines of business were 8, 6, and 1 respectively, while the number for which reports would have to be filed were 2, 5, and 1. Finally, the average-sized firm—Schering-Plough—had 10 lines of business and would be required to report on four of them. Again, these firms were not randomly selected from among the 500, and the data used are not current. However, the numbers presented should indicate the ranges of filing required under the Line of Business program.

THE COST BURDEN

Perhaps the most dramatic criticism of the Line of Business program is industry's allegation that collecting the required data would impose a prohibitive cost burden. It is fair to say that the FTC staff was excessively sanguine in its August 1973 estimate to the Office of Management and Budget that the average cost per responding corporation would be approximately $800. In its recent submission to the Comptroller General, the staff's estimate was revised upward to encompass startup costs averaging $10,000 to $20,000 per reporting firm and annual operating costs of $5,000 to $10,000. Industry estimates on the other hand have ranged as high as $2 million per firm per year. Given such large disparities, one is reminded of the story of the Princeton physics professor who, in reporting the results of some research, observed that "The experiments reveal that the negative mu mesons are absorbed at a rate only one ten-thousandth that predicted by theory. This would be a large error even for an economist."

To provide a more complete picture of the costs projected by industrial firms, we have analyzed the program setup cost estimates filed by firms included on *Fortune's* list of the 500 largest corporations in response to the FTC staff's August 1973 version of the LB reporting form. Twenty-five such companies provided useable dollar estimates. They are summarized in Table 2, which shows that the average estimated setup cost for the August 1973 version is $548,000. If the lower limit of the ranges given by six of the companies is used, the average is $536,000. Taking the upper limit of those ranges gives a $561,000 average.

Table 2 also reveals the total 1972 sales reported in Fortune for the 25 companies. The average is $2,866 billion. Since the average 1972 sales level for all corporations included on the Fortune 500 list is $1.115 billion, the sample of companies providing compliance cost estimates is evidently biased toward larger companies. There is probably a corresponding upward bias in the number of lines of business covered and hence in the cost which might be incurred by a more representative respondent.

TABLE 2.—ESTIMATED START-UP COSTS FOR FILING FTC FORM LB, AUGUST 1973 VERSION

Company	Fortune 500 rank	1972 company sales (millions)	Estimated start-up costs (thousands) Range	Mean	Company	Fortune 500 rank	1972 company sales (millions)	Estimated start-up costs (thousands) Range	Mean
American Metal Climax	166	$863	$50/$100	$75	Nabisco	118	$1,214	$100	$100
Anaconda	138	1,012	1,000	1,000	Northrop	237	574	100/500	300
Combustion Engineering	120	1,180	100	100	Outboard	308	394	100	100
Crown Zellerbach	127	1,113	100	100	R. J. Reynolds	54	2,072	1,000	1,000
Deere	90	1,500	1,000	1,000	Singer	47	2,218	500	500
Dow Chemical	41	2,404	400	400	Standard Oil, California	12	5,829	800	800
DuPont	16	4,366	500	500	Union Carbide	27	3,261	1,000	1,000
Ex-cell-o	405	281	300/400	350	United States Steel	13	5,402	2,000	2,000
Exxon	2	20,310	1,000	1,000	Varian Associates	500	204	50/75	63
General Instrument	415	276	100	100	Westinghouse	14	5,087	2,000	2,000
Inland Steel	93	1,470	100	100	Westvaco	270	472	50/100	75
Lear Siegler	244	557	400	400					
McGraw Hill	292	430	40/50	45	Total		71,655		13,708
Mobil	7	9,166	500	500	Mean		2,866		548

Revisions in the company compliance cost estimates

The company compliance cost estimates reported in Table 2 were filed in relation to the Line of Business reporting form as it existed in draft version during August of 1973. Since that time both the form and the number of lines of business have been revised extensively, in large measure to make it easier for companies to comply. The number of lines of business was reduced from 455 to 228; reporting was shifted to an establishment orientation; the amount of time companies were given to respond was increased from 90 to 150 days; and reporting requirements for foreign operations, minority-owned subsidiaries, and joint ventures were eliminated.

In order to determine how these changes affected the cost of filing Line of Business reports, six representative companies were contacted by telephone and asked to estimate confidentially the cost impact of each individual modification. Assuming that the percentage reductions in cost for each amendment are independent,[10] the cumulative estimated reduction in cost due to the changes made between August 1973 and March 1974 averaged between 81 and 83 percent, depending upon whether respondents' high or low estimates were used. If this reduction factor is applied to the $548,000 average compliance cost figure presented in Table 2, the revised average compliance cost estimate is reduced to approximately $100,000 per company for the first start-up year of the LB program. This estimate, it must be noted again, is raised upward because the companies providing the estimates upon which Table 2 is based were more than twice as large on the average as the typical firm which will be submitting Line of Business reports.

If adjustments are made to account for differences in size and diversity between the average firm providing a cost estimate and the average firm among the 500 required to report, one gets an average cost of about $50,000. This is substantially smaller than most of the cost estimates adavanced by industry representatives. Yet we believe this figure is still inflated.

The underlying reporting cost assumptions

A principal reason why the cost estimates cited by industry groups are so much higher than those of the FTC's economics staff is that the industry estimates often assume a complete revamping of company accounting systems to fit the FTC's proposed reporting structure. As Mr. Howard Siers of the Financial Executives Institute testified before the House of Representatives Appropriations Subcommittee on Agriculture, Environment, and Consumer Protection:

"Compliance with the FTC proposal would

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require each company to develop new accounting systems, write entirely new computer programs, revise or completely rewrite thousands of existing computer programs, train personnel in the handling of the new system and test and implement the changes."

While this approach is one possible means of complying with Line of Business reporting requirements, it is certainly not the only way. Its main distinguishing feature is that it is about the most expensive procedure one could reasonably conceive to generate line of business data. Whether business firms have stressed a computerized approach to discredit the LB proposal through high cost estimates or whether they have simply not prudently analyzed what is required is unclear. What is clear is that there is a simpler but quite satisfactory way.

To minimize the reporting burden on companies, the lines of business have deliberately been based upon U.S. Census industry categories. Large manufacturing companies are required to report annually to the Census Bureau statistics on value of shipments, payrolls, production worker wages, the cost of purchased materials, and rental costs as well as asset data concerning new capital expenditures, the book value of depreciable assets, and inventories. These reports are by establishment for some 450 four-digit SIC industries—i.e., in even finer detail than the Line of Business program requires. Thus, more than three-fourths of manufacturers' sales are offset by costs measured and assigned to narrow industry lines for the Census program. It is over the remaining costs—i.e., depreciation, advertising, other selling costs, research and development, the operation of common warehouses, central office administration, and interest charges—that any dispute must turn. Since depreciable asset values are reported to the Census by four-digit industry, equally detailed depreciation statistics must be readily available. Although some corporate advertising is institutional in character, the vast bulk is focused on specific products, and advertising-oriented companies keep detailed records on how their major outlays are allocated, reporting them inter alia to the journal Advertising Age.

Less than five percent of all industrial R&D consists of basic research. Most R&D activity is clearly attributable to narrow product lines, and much of it involves detailed product and process improvement work conducted at the establishment level—the focus of the Census statistical program. What remains after the implementation of these and other easily accommodated cost allocations are certain corporate research, selling, and administrative costs which are not closely linked to specific lines of business. How substantial these costs are cannot be determined accurately until actual line of business data are accumulated. Our best estimate is that they amount to five percent of the 500 largest manufacturers' sales; ten percent appears to be an absolute maximum.

One could develop complicated accounting systems to allocate this small fraction of total costs by FTC line of business. Many companies already have such systems in operation. How many do is impossible to estimate since information supplied privately to the FTC staff on this point has sometimes contradicted official company pronouncements. For those companies which do not have such cost allocation systems or whose fields of allocations match the FTC's proposed lines of business imperfectly, the added precision gained by creating wholly new, elaborate allocation systems would undoubtedly not justify the cost. All the FTC is asking is that such allocations be made on the basis of reasonable, clearly articulated criteria. The sensitivity of profit figures to the application of alternate allocation criteria will then be tested by FTC staff, and where significant interpretational errors might arise as a result of the cost allocation conventions adopted, appropriate cautionary statements will be included in the published LB summary reports. The FTC Division of Financial Statistics also stands ready, as it has in the past, to work out particularly difficult cost allocation problems with industry representatives in order to ensure that the ultimate summary reports are as meaningful as possible within the limits of the unavoidably imperfect accounting art.

The kinds of cost allocation effort implied here do not therefore require elaborate new computer systems. Performing such allocations is a normal function of industrial cost accountants. Such problems are often assigned as exercises to master's degree students in cost accounting. We anticipate that an M.B.A. or C.P.A. thoroughly familiar with a corporation's accounting systems could pull together the necessary information from routine Census and internal company reports, make the further allocations required for IB, and write the appropriate explanatory footnotes in about one working week or at most two weeks per line of business. Assuming that such a junior executive earns $25,000 per year and has equal clerical and secretarial support costs, the average compilation cost per line of business would be roughly one to two thousand dollars. For the average top 500 company with 6.5 lines of business, this implies an annual cost of $6,500 and certainly not more than $20,000 per year. For the most extensively conglomerate corporations the costs will of course be higher, but such a burden can hardly be intolerable when sales are hundreds of millions or even billions of dollars per year.

Summing up, it is clear that the costs of generating line of business information will not be negligible. But it seems equally clear that many of the extremely high estimates cited in industry briefs opposing the Line of Business program are greatly overstated. The FTC staff believes that the costs of the program will be modest in relation to the substantial benefits greater information on the American economy's functioning will yield.

THE PROBLEM OF DATA CONFIDENTIALITY

Business corporations have expressed concern that the Line of Business program might lead to the release of information which should properly be kept confidential. If companies were not reluctant to publish accurate information on performance in their detailed lines of business, there would of course be no need for a mandatory LB program. To accept as confidential any information industry so labels would be a dereliction of the Federal Trade Commission's traditional duty. Yet there are statutory and well-established rules for resolving conflicts between businessmen's desire for confidentiality and the public's right to know. The Federal Trade Commission fully intends to comply with those rules in administering the Line of Business program.

The form of data publication

Table 3 provides an illustration for a hypothetical industry of the form in which the aggregated industry data will be published. In the table's rows are the various data items to be collected under parts E and F of the LB reporting form together with diverse subtotals and totals. The items are organized so that the upper three-fourths of the table corresponds to a fairly complete income statement, while the bottom quarter comprises an abbreviated balance sheet.

Subtotals in the income statement section include gross margin, operating income, net income before income taxes and extraordinary items, and net income after all such deductions. Some of these magnitudes will depend less upon allocated expenses than others, and therefore they will be less subject to errors due to the possible arbitrariness of allocations. For example, we anticipate that relatively few expenses will be allocated in computing gross margins. On the other hand, net income will be affected by all cost allocations. Given this array of statistics, users can choose between working with figures which are relatively free of allocation problems or which include all expenses.

TABLE 3.—LB 39.99: FABRICATION OF BOOJUMS AND SNARKS

[All figures are in millions of dollars]

	Direct (A)	Allocated by companies (B)	Direct or allocated by companies (A+B) (C)	Allocated by LB staff (D)	Total (C+D) (E)
Total sales or receipts	20,000		20,000		20,000
Cost of sales and operations:					
Inventories at beginning of fiscal year less inventories at end of fiscal year	(700)		(700)		(700)
Material	9,800	50	9,850		9,850
Labor	3,900	20	3,920		3,920
Depreciation, depletion, and amortization on plant, property, and equipment	500	50	550	50	600
Other costs of sales and operations	500	400	900	100	1,000
Total	14,000		14,520		14,670
Gross margin	6,000		5,480		5,330
Operating e xpenses:					
Media advertising	150	20	170	10	180
Other selling expense	60	30	90		90
Research and development	550	50	600	50	650
Other operating expense	900	200	1,100	300	1,400
Total	1,660		1,960		2,320
Operating income	4,340		3,520		3,010
Nonoperating expense net of nonoperating income					
Interest expense	NA	NA	NA	300	300
Net income before income taxes	NA		NA		2,710

TABLE 3.—LB 39.99: FABRICATION OF BOOJUMS AND SNARKS—Continued

[All figures are in millions of dollars]

	Direct	Allocated by companies	Direct or allocated by companies (A+B)	Allocated by LB staff	Total (C+D)
	(A)	(B)	(C)	(D)	(E)
Income taxes:					
State and local	30	20	50	100	150
Federal	NA	NA	NA	1,280	1,280
Total					1,430
Net income after income taxes	NA		NA		1,280
Extraordinary income less extraordinary expense, net of applicable taxes	20	10	30		30
Net income	NA		NA		1,250

	Direct	Allocated by companies	Direct or allocated by companies (A+B)	Allocated by LB staff	Total (C+D)
	(A)	(B)	(C)	(D)	(E)
Gross plant, property, and equipment	9,800	3,600	13,400	2,800	16,200
Accumulated depreciation, depletion, and amortization on plant, property, and equipment	6,000	1,800	7,800	600	8,400
Net plant, property, and equipment	3,800		5,600		7,800
Other assets	1,200	700	1,900	1,300	3,200
Total assets	5,000		7,500		11,000

In addition, the table permits users to analyze data involving only directly attributable expenses figures involving only expenses allocated by the responding firms in addition to the directly attributable costs, or data which include all allocations, whether made by the firms or the FTC staff. Among other things, this breakdown permits the user to determine how much allocation lies behind any specific statistic, and hence how much confidence one might reasonably place in the estimate. Separate analytic studies by the FTC staff will vary the assumptions under which common costs are allocated to determine the sensitivity of income figures to those assumptions.

The most important magnitudes of Table 3 will also be subdivided by groups of firms in the order of their industry sales rank, but only at a sufficient level of aggregation so as not to violate the Census law provisions preventing the disclosure of information on any single reporting enterprise. Other planned components of the annual Line of Business report will be tables showing rates of return on assets and profit margins on sales for a series of years (after the program has been in operation for a sufficient period) and the extent of secondary product contamination in the statistics. The latter analysis will probably take the form of a matrix showing the amount of sales classified to, say, line of business A which more appropriately belongs in category B.

The underlying Line of Business data files would also be useable by (though not directly accessible to) Federal Trade Commission staff or (under appropriate cost reimbursement arrangements) outside investigation for fundamental research on characteristics of the American industrial economy. Suppose, for example, an economist wished to investigate the impact of market structure, profitability, and risk on companies' financial leverage choices. He would supply to the FTC's Division of Financial Statistics appropriately coded tapes containing variables not included in the basic LB files. These tapes would be matched by Division of Financial Statistics personnel with the LB tapes, the desired correlations or other statistical manipulations would be performed, and the summary results would be reported to the outside investigators. Under no circumstances would the results reported include information violating the Census disclosure law. In particular, outsiders (including members of the FTC industry analysis and enforcement staffs) would not be permitted to see any raw data or transformations thereof covering individual companies supplied in confidence for the LB program.

Detailed disclosure limitations

Even the publication of data in table form might raise fears that individual firm data would be disclosed. This has not been an issue in the preparation and publication of the Quarterly Financial Report, since the number of firms included in each data cell has always been large—more than 11,000 firms to fill 31 industry reporting categories. But the Line of Business program will include only 500 companies reporting on an estimated 3,200 individual manufacturing lines to fill 219 industry reporting cells. The average number of firms per reporting cell is over 350 for the QFR, as compared to 15 for Line of Business. Because the probability of having only a few firms in each cell is high, the economics staff recommends that data not be published on any cell which contains fewer than three firms. Such a policy is consistent with the Census disclosure law.

For cells which contain fewer than three observations, two alternatives are available. The first is to increase the cell's coverage by adding appropriately specialized firms to the Line of Business sample. The second is to combine lines sufficiently so that disclosure problems are eliminated. The first course is the preferred one, although high concentration of activity in some lines may require that the second course be followed.

Some company representatives questioned the ability of the Commission to treat the LB data confidentially, given the Freedom of Information Act. The Commission has expressed the view that LB information is exempt from disclosure under that Act. Furthermore, it has stated that it will resist any attempts to obtain individual company data through the courts or otherwise.

Restrictions on internal use

This confidential treatment extends beyond release of data to the public. It includes any use within government for taxation, regulation, or investigation or for any Commission law enforcement activity. Because of the Commission's involvement in investigation and litigation, it has formulated rules restricting access to data received in QFR company reports to certain FTC staff members. These rules will apply to LB materials as well. An explicit statement of the rules was published in the Federal Register on July 13, 1973. Through an oversight, the July 13 statement prevented the Bureau of Economic Analysis of the Department of Commerce from obtaining access to information required in preparing gross national product estimates. This necessitated a correction, which was published on September 18, 1973.

Subsequently, at the Business Advisory Council for Federal Reports meeting on October 17, 1973, the OMB Examining Officer announced that the confidentiality strictures were agreeable to both the Federal Trade Commission and OMB.

The rules restrict access within the Federal Trade Commission to two groups, both within the Bureau of Economics. They are the Division of Financial Statistics, which has responsibility for publishing the Quarterly Financial Report and will also be responsible for the LB Report, and the unit within Economic Research and Services charged with publishing the Statistical Report on Mergers and Acquisitions and other statistical reports. No member of these groups will be involved in other activities of the Commission, nor will any other Commission employee have access to the individual company reports. This restriction even applies to Commissioners and to the Director of the Bureau of Economics.

Persons transferred out of these units will be under the same restrictions as individuals who cease employment with the Commission, i.e., prohibited from disclosing or using the information to which they have had access. Any person violating the restrictions will be subject to criminal prosecution.

CONCLUSION

No one will deny that the Line of Business program is a complex undertaking. Many obstacles must be surmounted in implementing it. For almost a year the Federal Trade Commission has attempted to respond to suggestions and comments of industry representatives, academicians, professional accountants, and potential data users in an earnest effort to make the program serve the broad public interest to the maximum possible degree. There has been considerable criticism, much of it constructive. The time has come, however, when criticism operates more to delay than to advance a program urgently needed if the Federal Trade Commission is to continue fulfilling its traditional role as an illuminator of industrial performance. Granted, difficult implementation problems remain. But their solution is most likely to be achieved if a commitment is made to go forward with the program so that the parties involved—FTC statisticans and accountants and industry's operating personnel—can address themselves in the great constructive American tradition to working out for each reporting firm and each line of business a viable set of reporting norms. Now, we believe, is the time for purely negative criticism to cease and the constructive task of implementation to commence.

FOOTNOTES

[1] Dr. Scherer is currently a Senior Research Fellow at the International Institute for Management, Berlin, West Germany, and is serving as a consultant to the Bureau of Economics. He will be assuming the Directorship of the Bureau of Economics in July of this year.

[2] Theodore Roosevelt, Works, National Edition, Volume XV, pp. 42–47. See also William Letwin, Law and Economic Policy in America (Random House, 1965), Chapters 6 and 7.

[3] 51 Congressional Record 1962 ff. See also S. E. Boyle, "Economic Reports and the Federal Trade Commission: 50 Years Experience," Federal Bar Journal, Fall 1964, p. 501.

[4] Although the sample of companies tended to include the more merger-active firms, it tended to exclude the large, older conglomerates, and it did not take into account any increase in diversification due to the acquisition about which the FTC was notified.

[5] "A Showdown over Product-Line Data," Business Week, October 13, 1973, p. 26.

[6] William J. Baumol, Peggy Heim, B. G. Malkiel, and R. E. Quandt, "Earnings Retention, New Capital and the Growth of the Firm. Review of Economics and Statistics, November 1970, pp. 345–355.

[7] See the comments by Irwin Friend, Frank Husic, and George A. Racette and the reply by Baumol et al. in the Review of Economics and Statistics, February 1973, pp. 122–131.

[8] Dennis Mueller and Henry Grabowski, "Life Cycle Effects on the Return on Corporate Retentions," Cornell University, mimeograph, 1974.

[9] Firms will be selected on the basis of the sales of their domestic manufacturing operations.

[10] E.g., that cutting the number of lines of business in half would reduce reporting cost to, say, 60 percent of the original estimate, and that providing more time to comply would in turn reduce that 60 percent by ten percent to 54 percent.

U.S. GENERAL ACCOUNTING OFFICE,
Washington, D.C., May 13, 1974.

GAO APPROVES FTC LINE-OF-BUSINESS FORM BUT LIMITS TIME SPAN

The U.S. General Accounting Office today announced approval of a 56-page form proposed by the Federal Trade Commission to be used for obtaining data from the 500 largest manufacturing companies in the U.S.

The GAO report, approved by Acting Comptroller General Robert F. Keller, however, limited use of the Form LB, for "line of-business," to December 31, 1975 instead of 1980 as proposed by the FTC. The GAO also listed three other qualifications in granting its approval of the form.

The Form LB is designed to obtain detailed financial information by FTC categories (lines of business) on the domestic operations of the companies. Partial information is required for 1973, and complete information is required from businesses beginning with their 1974 reports.

Under Federal law, no independent regulatory agency can collect the type of business information contemplated in the FTC form unless the Comptroller General has ruled that the information is not available from another Federal source.

The Comptroller General also must determine that the forms and plans for collection impose a minimum burden upon business and are appropriate for the purpose intended. The regulatory agency, however, makes the final determination as to the necessity for the information.

After receiving the FTC's request for approval of the LB Form, GAO solicited written and oral comments from all interested parties including trade organizations, public interest groups and affected businesses. GAO also discussed the form with consumer groups, labor organizations; business firms, accountants and accounting societies, associations, other government agencies and legislators.

The GAO report, prepared by Assistant Comptroller General Phillip S. Hughes, specifically found that the information sought in the FTC "Line-of-Business" proposal is not presently available from another source within the Federal Government.

The letter from Acting Comptroller General Keller lists the three provisions which GAO calls for in granting its approval for the LB Form, including coordination with the Census Bureau, the Securities and Exchange Commission and other Federal agencies on the possibility of consolidating data they collect.

The other provisions limit the FTC collection of data to the initial round consisting of one business cycle and require FTC to discuss with business methods of improving the ease and accuracy of line of business reporting.

In its report GAO said this was necessary because of the many areas of misunderstanding, lack of information and disagreement regarding the FTC program.

COMPTROLLER GENERAL,
OF THE UNITED STATES,
Washington, D.C., May 13, 1974.

Hon. LEWIS A. ENGMAN,
Chairman, Federal Trade Commission

DEAR MR. ENGMAN: On March 27, 1974, we received your request for review of clearance—pursuant to section 409 of Public Law 93–153—of a questionnaire, Form LB, to be used in the FTC's line-of-business report program for a period ending January 1, 1980.

Our staff has examined your submission and the report on their examination, which I have approved, is enclosed.

Specifically, I find that the information sought in the FTC LB proposal is not presently available from another source within the Federal government and its collection is consistent with the provisions of the requirements of section 409, subject to the following provisions:

a. The approval to collect the data is limited to the initial round of reports and approval of addidtional cycles by GAO will be subject to significant reduction in or elimination of the problems which make the initial data unreliable,

b. FTC conducting intensive discussions with business representatives either on an across-the-board basis or on a sample or pilot basis to advance the ease and accuracy of line-of-business reporting as rapidly as possible, and

c. FTC exploring with other Federal agencies, including Census and Securities and Exchange Commission, the possibility of coordinating or consolidating its LB data needs with data collected by those agencies.

When the questionnaire is printed and sent out by your agency, it should carry the following information on the first page:

Approved by GAO
B–180229 (R0048)
Expires 12–31–75

It is requested that a copy of the Form, as finally disseminated, be furnished to this Office.

Sincerely yours,
R. F. KELLER,
Acting Comptroller General,
of the United States.

REPORT TO THE COMPTROLLER GENERAL OF THE UNITED STATES ON THE EVALUATION OF THE FEDERAL TRADE COMMISSION'S PROPOSED ANNUAL LINE OF BUSINESS REPORT (FORM LB)

(By Assistant Comptroller General Phillip S. Hughes)

Pursuant to section 409 of Public Law 93–153, the Federal Trade Commision (FTC), on March 27, 1974, requested your approval of its request for information commonly referred to as the Annual Line of Business Report (FTC Form LB) for a period extending through January 1, 1980.

In essence, the law provides that an independent regulatory agency shall not conduct or sponsor the collection of this type information unless the Comptroller General has advised that the information is not available from another Federal source and has determined that the forms and plans for collection impose a minimum burden upon business and are appropriate for the purpose. However, the regulatory agency makes the final determination as to the necessity for the information. You have 45 days in which to respond to FTC's request.

INTENDED USES AND EXPECTED BENEFITS

The Form LB is designed to obtain detailed financial information by FTC categories (lines of business) on the domestic operations of the 500 largest U.S. manufacturing companies. Partial information is required for 1973, and complete information is required from businesses beginning with their 1974 reports. FTC has determined that it needs the data to be gathered from the LB report in order to carry out two aspects of its statutory responsibilities.

First, the Commission states it is required to investigate the extent of competition in the U.S. economy in general and in specific industries and to report its findings of such dustries and to report its findings of such investigations to the public and to the Congress. In order to carry out this responsibility, its staff must have access to data on the structure, conduct, and performance of particular industries and of industries in general. FTC further states that measures of several important aspects of industry performance would be availble from the line of business data. The measures include profitability, extent of sales promotion, and research and development activity.

Secondly, the staff of FTC's Bureau of Economics believes the data obtained would be useful in supporting rational policy planning procedures within FTC.

The FTC advises that it has not attempted to make a cost/benefit analysis of the proposed report. We believe it would be extremely difficult to make such an analysis without actual experience with the report.

BACKGROUND

The report referred to you was the third version of the LB program since August 1973. FTC reports that, sinc August, it has distributed several hundreds of copies to interested business firms, consumer groups, associations, etc., has received nearly 500 sets of written comments, and held a public meeting with some 400 individuals representing themselves, firms, associations, consumer groups, and Senators. In addition, individual meetings were held with everyone who requested them.

Upon receipt of FTC's request on March 27, 1974, we gave public notice of the submission in a news release of April 1, 1974, and by publishing a notice in the Federal Register on April 2, 1974. In those announcements, we solicited written comments from all interested persons, organizations, public interest groups, and affected businesses on the FTC proposal on or before April 15, 1974, and provided time on April 19 and 20 for oral comments. We have considered 74 sets of written comments as of May 3, 1974, and have had discussions with consumer groups, labor organizations, business firms, accountants, and accounting societies, associations, other Government agencies, and legislators. Appendix A lists the organizations or individuals from whom we received written comments, and Appendices B and D, those with whom we met.

We have also sought the advice and counsel of a number of experts conversant with the general subject of data gathering and aggregations and with business practices. These experts were drawn from the fields of law, economics, statistics, and accounting. They are listed in Appendix C.

A number of the companies who commented adversely to us on the Form LB nonetheless supported the product line disclosure idea and many companies are now voluntarily including product-line data in annual reports to their stockholders. We note, also, that the general concept of line-of-business, product line, or segmented reporting is supported by the American Institute of Certified Public Accountants, the Financial Executives Institute and the New York Stock Exchange.

Notwithstanding this broad spectrum of support of the concept, there is strong opposition on the part of many companies to the specifics of FTC's LB report. This opposition centers mainly around belief that:

1. The data submitted cannot be meaningful for stated FTC purposes and will be misleading if used as a basis for action because of line-of-business classification, cost allocation and transfer pricing (intra-company sales) problems;

2. The burden has not been minimized as required by statute; and

3. The individual company data furnished will not have adequate protection to safeguard legitimate company secrets.

Some respondents also stated the data being collected is duplicative of data already being supplied to other Federal agencies.

Each of these points is discussed in the succeeding sections. The examples and estimates shown are as presented to us since time available for our review did not permit direct verification.

MEANINGFULNESS OF DATA

Classification

As we have indicated, there is considerable support for the idea of product-line reporting. There is a considerable amount of such reporting at the present time, but there are significant differences in details of the form and content of such reports.

For example, the Securities and Exchange Commisison (SEC) now requires product-line reporting by companies filing its so-called 10K reports. It permits the reporting companies, however, to designate the product lines to be reported upon. While this permits flexibility and adaptation, it precludes meaningful aggregation, one of the FTC objectives.

The Financial Executives Institute, in May 1971, recommended including line-of-business disclosures in annual reports to shareholders. The New York Stock Exchange has endorsed this recommendation and has urged companies to make their annual reports to shareholders at least as informative as the SEC's 10K report. The Financial Accounting Standards Board is conducting a study of the problems of this type of reporting.

This support in principle for line-of-business reporting disintegrates, however, when we turn to the specific FTC proposal. We believe this is because of a fundamental dilemma with regard to classification and related matters which is not yet fully resolved or compromised. On the one hand, individual business firms vary greatly in their organization, financial structure, and product lines. These variations are products of historical accident or the individual preferences of business leadership. To accurately reflect management, financial, and product-line structure of a specific business, therefore, the classifications and allocations must take account of these individualities.

On the other hand, if information is to be collected from 500 firms and compared and aggregated, the data must be collected on the basis of definitions and specifications sufficiently uniform to make comparison and aggregation possible. Given the variations in business structure, uniform definitions will require most, if not all, responding businesses to report on a basis different than that on which they operate, with consequent impact on management practices and costs.

The FTC, by reducing, redefining, and broadening its classes in each successive draft, obviously has tried to move toward resolution of this dilemma. The March submission contains some 225 categories of lines of business compared with approximately 600 earlier. The FTC staff reports that the reduction in categories has two purposes:

(1) the quality of the data is affected by joint (common) cost and transfer pricing problems. By broadening the categories and defining them on an establishment basis,[1] the magnitude of the joint cost and transfer pricing problems have been reduced; and

(2) the Bureau of Economic Analysis, Bureau of the Census, Federal Reserve Board, and the Conference Board complained that the LB data would not be consistent with any other data currently available. To respond to this complaint, the lines of business included in the March version were formed by beginning with the Standard Industrial Classification (SIC) system at the three-digit level with further breakouts for industries where concentration is high; where there has been substantial antitrust interest in the past; or, where firms within the three-digit category specialized in particular four-digit segments, e.g., printing machinery versus food machinery. The FTC expected these changes to reduce the burden on the respondents.

However, the inherent conflict between FTC's product-line categories and individual business's normal management categories appears to remain. The aggregated figures on profits, sales, and expenditures by FTC line-of-business categories that will emerge from the reports probably will be neither accounting figures nor economic figures. The aggregated profit figure for each FTC category will be the end product of subjective judgment by each company in allocating costs common to two or more FTC categories and in computing transfer costs, and an arbitrary allocation of all of the sales, costs, and profits of a multicategory establishment to the category to which the primary activity of the establishment is assigned.

We do not know the extent to which the data will be distorted because of this practice, but examples furnished by companies suggest the distortion will be substantial. For instance, one company reports that three of its establishments in 1972 made shipments totaling $127 million that must be reported under FTC category 20.05 (Preserved fruits and vegetables excluding canned specialties), although 33½ percent of the sales actually should be distributed through seven other FTC categories.

Another firm reports that all sales and costs of one of its establishments will be allocated to a primary FTC classification although less than 50 percent of the total sales are represented by that category as follows:

FTC category	Percent of sales 1971	1972
34.05 (plumbing and heating, except electric)	39.1	42.4
36.07 (household refrigerators and freezers)	40.2	36.1
35.20 (refrigeration and service machinery)	19.9	21.5
36.12 (household appliances)	.8	.0

Note, also, that in the example between 1971 and 1972 the "primary" category would have shifted from category 36.07 (Household refrigerators and freezers) to 34.05 (Plumbing and heating, except electric).

A pulp and paper mill reports that of some $155,000,000 in sales all of which would be classified as FTC category 26.03 (Paperboard mills), 40 percent or $62,000,000 will be misclassified.

Another company reports that, although the LB program would require reporting of a larger number of business segments than are currently included in published financial statements and reports to the SEC, the FTC code would actually result in greater aggregation than is currently disclosed in at least one instance. In that case, industrial chemicals included in the company's published report and reported to SEC accounted for 18 percent of 1973 sales and 17 percent of net income; on an FTC basis the company would report 24 percent of 1973 sales and transfers and an estimated 18 percent of net income as industrial organic chemicals. This greater aggregation required by the FTC is further complicated because it represents only a portion of the reported industrial chemical sales and net income, and includes portions of two other business segments.

While measures of the distortion in aggregate sales figures can be compiled by the FTC from answers to Item D in the report form, the FTC will not be able to measure distortion of cost or asset data.

Cost allocation

At present no rules or generally accepted accounting principles govern the allocation of costs common among segments of a company. A variety of practices are followed. Dr. Robert K. Mautz reports that data from an independent research project financed by the Financial Executives Institute Research Foundation on the subject of financial reporting by diversified companies "showed that common costs are often so material that changes in the method of their allocation can have a significant impact on reported net income for the segments reported."

The FTC's proposal for dealing with common costs is: (1) it will accept allocations of common costs already made by reporting companies and apparently intends to aggregate the resulting data although widely different allocation methods may have been used by different companies; and (2) for common costs not allocated by the reporting companies, the FTC will apply its own unspecified allocation formulas.

The subjective judgments by the FTC and the company in allocating common costs obviously will affect all figures to which they are applied as well as all figures derived from them, and the meaningfulness and comparability of such figures will be affected as well. Again the dilemma presents itself—varying individual business practices are not aggregatable, but if standard definitions are applied, the practices and the costs of the business are affected.

Transfer pricing

The business and accounting communities regard transfer pricing as one of the very large unsolved problems in financial management. The FTC, itself, acknowledges that transfer pricing is one of the "stickiest" problems in line-of-business reporting.

Transfers of goods between divisions of a company present an extremely difficult accounting problem. The price at which one division or branch bills another for goods or services received is an arbitrary figure that has a great deal to do with the net profit reportable by both of the units affected. It constitutes income to one and cost to the other. Widely varying practices for pricing such transfers are found in business. Some companies use market value if a market exists for the item in question. Others transfer items between divisions at cost. Some use a price "bargained" between the divisions involved. Others use a price specifically selected to motivate the personnel in the affected divisions. Still others use an arbitrary billing amount for other special purposes.

Although the FTC asks for information about the method followed, it apparently plans to accept whatever practice is used and to aggregate the resulting line-of-business profit figures. Neither consistency nor accuracy can be expected.

BURDEN

The burden of the FTC LB report, as reflected in estimates of the cost to industry of complying with it, is another area in which industry and the FTC are very far apart. Their differences are so enormous (one to two orders of magnitude) as to indicate complete disagreement or misunderstanding regarding the data actually needed and the difficulty in compiling it.

The FTC estimate has undergone substantial upward revision as the comments from industry on the successive individual drafts were considered. But the current estimate of 10–20 thousand dollars average per company for the initial year, including start-up

[1] An establishment is a plant or economic unit, generally at a single physical location, where manufacturing operations or other services are performed.

cost, and 5–10 thousand dollars in succeeding years, seems to us to reflect incomplete knowledge of the impact that decentralization and diversity of company organization and recordkeeping practices has on cost. The companies commenting on the LB form have not greatly assisted FTC in its cost estimates since they, for the most part, gave FTC unsupported cost data.

We asked a number of companies to furnish us with details of their estimates and the methodology followed in compiling them. Several companies responded and their data have been given to the FTC staff. These estimates of cost are summarized below:

	Initial start-up cost	Annual maintenance cost
Beatrice Foods Co	$1,171,800	$108,680
Dow Chemical Co	350,000	95,000/145,000
E.I. du Pont de Nemours & Co., Inc	(1)	(2)
General Electric Co	1,010,000	(3)
Procter & Gamble Co., The	1,263,000	100,000/150,000
Singer	500,000	125,000
Standard Oil Co. of California	475,000	325,000
Union Carbide Corp	1,132,000	(3)
Westinghouse Electric Corp	438,000	200,000

[1] $1,200,000 to $1,800,000.
[2] Several thousand dollars annually.
[3] Not given.

These estimates are from some of the larger of the 500 companies and have not been audited by us. Nevertheless, the methodology set out in their respective responses has logic and recognizes the very large cost involved in changing computer run accounting systems. The aggregated totals are significant. Even if substantially overstated, costs at these nine companies would approximate a quarter to a half of the top-limit estimate of $10,000,000 advanced by FTC for all 500 companies.

The Financial Executives Institute estimates the total cost to industry of complying with FTC Form LB to be far in excess of $100,000,000. Whether that estimate is reasonably accurate or not, we believe that the cost of complying with the FTC LB program will be very substantially greater than FTC has estimated. Some indepth surveys at specific companies will be required to resolve cost questions.

Since a reasonably accurate cost figure cannot now be developed, and it is not feasible to place a dollar value on the benefits to be derived, assessment of the reasonableness of the burden is impossible on other than a judgmental basis. In any event, if the data is to have value, it must be accurately and carefully compiled. We believe this task will require significant professional and management attention and will be quite costly.

CONFIDENTIALITY

There is much concern by industry over the possibiliity of the compromise of private company data in the hands of the FTC. We are not aware of any way in which the FTC can do more than it already has pledged itself to do to protect the data. FTC regulations do not permit individuals involved in the adjudicative or regulatory function to have access to individual company data.

Concern also has been expressed that copies of LB reports retained by companies required to submit such reports to FTC might be subject to subpoena or other compulsory process by agencies or entities other than FTC.

To deal with these problems, the Congress could consider the enactment of legislation (1) specifically precluding FTC from disclosing LB reports (e.g., the original section 9 of the Census Act) and/or (2) exempting copies of LB reports from compulsory process (e.g., section 9 of the Census Act, as amended).

In the event of enactment of such legislation, however, various agencies or other entities with proper and legitimate interests in LB reports or particular information from them would be precluded from access. On the other hand the full and frank disclosure of information by respondents in LB reports might be considered sufficiently important to override the interests of other agencies.

DUPLICATION

Duplication of data already being collected does not appear to be a substantial problem. While the Bureau of the Census in its Company Summary Report and its Annual Survey of Manufacturers does obtain some of the same kinds of data called for in the LB report, this duplication is more a matter of detail than of analytical possibility.

SEC data collected on a line-of-business basis is compiled on an individual company basis and is not intended for aggregation.

There is a question whether Census data gathering could be expanded or altered to meet the objectives of FTC. Census staff advise us that this possibility has not been explored with them.

Over time, it appears desirable to move toward standardization and consolidation of LB data collected by Census, SEC, and FTC.

CONCLUSIONS

Notwithstanding the time in development of the FTC LB program, many areas of misunderstanding, lack of information and disagreement remain regarding it. FTC cost estimates indicate that its decision to seek line-of-business data was based on an assumption that collection costs would be relatively small. However, business cost estimates reflect a judgment, in some instances supported by cost data, that the cost of producing the information will be higher by one or two orders of magnitude than FTC estimates.

More basic than cost estimation problems are uncertainties, misunderstandings, and disagreements regarding the reliability of the information which will be collected and, indeed, the feasibility of collecting it. These disagreements, like the cost disagreements, seem to us to be due to inadequate communication and exploration between the FTC and affected businesses. We are aware of extensive contact and controversy, but much of this appears to have been concerned with whether or not the information sought by the FTC should or could be collected rather than how to do the job. As evidence that this situation may be changing, however, we have had productive discussions with both FTC and industry representatives.

The data reliability problems referred to in prior sections of this report will make the initial responses unreliable, at best, in our judgment. These unreliabilities are a product of the unresolved dilemmas in adapting the FTC classification system to individual business practice, and they extend to proposed procedures for allocation and transfer pricing as well as to the basic classification system.

The data reliability problems will be most easily resolved with respect to sales/income items. The allocation of costs to lines of business, in accordance with FTC instructions, will be substantially more difficult, less reliable, and less aggregatable. The allocation of capital items by product line presents even more serious problems.

The cure of these problems is simple but difficult. What is needed is extensive face-to-face discussion between informed FTC representatives and informed business representatives, for joint learning and resolution or compromise of the dilemmas. If they are to be useful, these discussions will need to be conducted on the premise that their purpose is to find the best solution, not to debate whether the data should be collected.

With respect to burden, we have already indicated that we regard this matter as essentially unresolved, except on a subjective, judgmental basis. We are convinced that it will be more costly to compile the data than FTC has estimated and its evaluations as to the necessity for the information and burden should assume much higher costs.

The requirement for partial reporting of 1973 data and full reporting for 1974 presents a special problem from the standpoint of burden, since it requires retroactive adjustment of records and reports to meet FTC requirements. We have attempted to evaluate the cost and burden of this requirement rather carefully against potential benefits.

The essential effect of the requirement is to provide FTC with reported data about a year or a year and a half earlier than would otherwise be the case. FTC regards this as a very significant benefit, worth the additional burden it imposes. Clearly, the early receipt of 1973 and 1974 reports would afford earlier opportunity for essential face-to-face meetings focused on resolution of problems.

In making the recommendations which follow, it has been necessary for us to keep in mind both the problems summarized above and the following fundamental points:

1. As we indicated at the outset of this report, the law makes it clear that the necessity for the information is a matter for the FTC to determine.

2. There is broad support for the general objective of line-of-business reporting. This support extends into the business community and includes individuals and organizations informed on business reporting problems.

3. In these circumstances, it seems to us that the provisions of section 409 of Public Law 93–153 requires that the FTC and business respondents get on with the task of developing reliable line-of-business informatoin, recognizing that the initial information collected will be unreliable at best, and may be seriously misleading.

RECOMMENDATIONS

1. I recommend that you advise the FTC that the information sought in the FTC LB proposal is not presently available from another source within the Federal Government and that you have determined that the proposal is consistent with the provisions of section 409. I believe this advice is warranted by the fact that the necessity for the information is a matter for FTC determination; by the broad support for the concept of line-of-business reporting; and by the need for experience and experimentation if reliable LB information is ever to be obtained.

2. I further recommend that the advice recommended in 1 above be subject to the following conditions:

(a) Your approval should be limited to the initial round of annual reports, with approval of additional cycles subject to substantial reduction in or elimination of the problems which will make the initial data unreliable.

(b) Intensive discussions should be conducted by the FTC with business representatives either on an across-the-board basis or on a sample or pilot basis to advance the ease and accuracy of line-of-business reporting as rapidly as possible.

(c) Exploration by FTC with other Federal agencies, including Census and SEC, of the possibility of coordinating or consolidating its LB data with similar data collected by those agencies.

PHILLIP S. HUGHES,
Assistant Comptroller General.

Date: May 10, 1974.

Approved:

R. F. KELLER,
Acting Comptroller General of the United States.

Date: May 11, 1974.

(Appendix A)

NAMES OF COMPANIES, ASSOCIATIONS, AND INTERESTED PARTIES PROVIDING WRITTEN COMMENTS TO GAO THROUGH MAY 3, 1974, REGARDING THE FEDERAL TRADE COMMISSION'S PROPOSED LINE OF BUSINESS REPORT

AMF Incorporated.
Abbott Laboratories.
Aerospace Industries Association of America, Inc.
Allied Chemical Corporation.
Allis Chalmers.
Aluminum Company of America.
American Cyanamid Company.
American Home Products Corporation.
American Institute of Certified Public Accountants.
American Paper Institute.
American Retail Federation.
American-Standard.
Arthur Andersen & Co.
Barry Wright Corporation.
Beatrice Foods Co.
Bethlehem Steel Corporation.
Borden Inc.
Caterpillar Tractor Company.
Chamber of Commerce of the United States.
Chrysler Corporation.
Cities Service Company.
Consumers Union/Consumers Federation of America.
Dow Chemical Company, The
E. I. duPont deNemours & Company Incorporated.
Economic Information Systems, Inc.
Electronic Industries Association.
Eli Lilly and Company.
Exxon Corporation.
Financial Executives Institute.
General Electric Company.
General Mills, Inc.
General Motors Corporation.
W. R. Grace & Co.
Grocery Manufacturers of America Inc.
Grumman Corporation.
Gulf Oil Corporation.
Hammermill Paper Company.
Haskins & Sells
Hercules Incorporated.
Inland Container Corporation.
International Harvester.
International Telephone and Telegraph Corporation.
Kraftco Corporation.
Machinery and Allied Products Institute.
Merck & Co., Inc.
Motorola, Inc.
National Association of Manufacturers.
National Canners Association.
National Electrical Manufacturers Association.
National Retail Merchants Association.
Olin Corporation.
PPG Industries, Inc.
Pet Incorporated.
Pfizer, Inc.
Proctor & Gamble Company, The.
RCA.
Reed Smith Shaw & McClay.
Shell Oil Company.
A. O. Smith Corporation.
Southern Furniture Manufacturers Association.
Sperry Rand Corporation.
Standard Oil Company, The (SOHIO)
Sun Oil Company.
Texaco, Inc.
Union Carbide Corporation.
United Aircraft Corp.
United States Senate, Subcommittee on Monopoly, Select Committee on Small Business.
United States Steel Corporation.
U.S. Industries, Inc.
Warner & Swasey Co., The.
Well, Gotshall & Manges.
Westinghouse Electric Corporation.
Whirlpool Corporation.
Williamette Industries, Inc.

(Appendix B)

LIST OF COMPANIES, ASSOCIATIONS, AND GOVERNMENT AGENCIES PROVIDING ORAL COMMENTS ON APRIL 19, 1974, REGARDING FEDERAL TRADE COMMISSION'S PROPOSED LINE OF BUSINESS REPORT

Armco Steel Corporation.
Arthur Andersen & Co.
Bureau of Census, Department of Commerce.
Bureau of Economic Analysis, Department of Commerce.
Chamber of Commerce of the United States.
E. I. du Pont de Nemours & Company, Incorporated.
General Electric Company.
General Motors Corporation.
Grocery Manufacturers of America, Inc.
International Harvester.
International Paper Company.
National Electrical Manufacturers Association.
National Small Business Association.
Texaco, Inc.
Union Camp.

(Appendix C)

LIST OF INDIVIDUAL CONSULTANTS USED BY GAO TO ASSIST IN THE REVIEW OF THE FEDERAL TRADE COMMISSION'S PROPOSED LINE OF BUSINESS REPORT

Dr. John M. Blair, Professor of Economics, University of South Florida.
Dr. Betty Bock, Director, Antitrust Research, Conference Board.
Dr. Stanley E. Boyle, Managing Editor, Industrial Organization Review, Virginia Polytechnic Institute.
Mr. Karney Brasfield, Retired Public Accountant, Fairfax, Virginia.
Dr. George H. Brown, Secretary, The Conference Board.
Dr. Yale Brozen, Graduate School of Business, University of Chicago.
Dr. Thomas Keller, Dean of Graduate School of Business, Duke University.
Dr. Robert Lanzillotti, College of Business Administration, Gainesville, Florida.
Dr. Milton Moss, Senior Advisor, National Planning Association.
Dr. Willard F. Mueller, Professor of Economics, University of Wisconsin.
Mr. Harry B. Sheftel, Government Statistician, Washington, D.C.
Dr. J. Fred Weston, Professor of Business Economics and Finance, University of California.

(Appendix D)

LIST OF OTHER ORGANIZATIONS, ASSOCIATIONS, GOVERNMENT AGENCIES, AND COMMITTEES OF CONGRESS HAVING CONTACTS WITH GAO DURING THE 45 DAYS TO DISCUSS FEDERAL TRADE COMMISSION'S PROPOSED LINE OF BUSINESS REPORT

American Federation of Labor and Congress of Industrial Organizations.
American Institute of Certified Public Accountants.
Americans for Democratic Action.
Business Advisory Council on Federal Reports.
Consumer Federation of America.
Consumers Union.
Coopers & Lybrand.
Ernst & Ernst.
Federal Reserve Board.
Financial Executive Institute.
Haskins & Sells.
Lobel, Movins, & Lamont.
National Consumers Congress.
New York Stock Exchange.
Price Waterhouse & Company.
Project for Corporate Responsibility.
Public Citizens Tax Reform Research Group.
Securities and Exchange Commission.
United States Senate, Subcommittees on Budgeting, Management and Expenditures and Intergovernmental Relations, Committee on Government Operations.

ASSISTANT COMPTOLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., July 10, 1974.

Hon. PHILIP A. HART,
Chairman, Subcommittee on Antitrust and Monopoly, Committee on the Judiciary, U.S. Senate

DEAR MR. CHAIRMAN: This is in reply to your letter of July 8, 1974, requesting our views regarding restrictions proposed by the House on the Federal Trade Commission's line-of-business reporting program. Briefly, these are: a proposed limitation of 250 firms on the line-of-business questionnaire; and a confidentiality provision totally barring public dissemination, as well as dissemination to other congressional or Government agencies and FTC's Bureau of Competition.

With respect to the limitation to 250 firms, it was our conclusion upon completing our review that, since the necessity for the information is a matter for the FTC to determine, it was appropriate to seek it for the entire group of firms with which FTC was concerned. We considered the possibility of a pilot test or sampling but regarded this as less desirable than gaining experience with the whole universe that the FTC is interested in.

With regard to a confidentiality provision of the sort proposed, we did not consider such a provision specifically, although we did consider problems of confidentiality and dealt with these in our report on the proposal, copy attached (pages 11 and 12). Clearly bona fide business or trade secrets of individual firms should be safeguarded and FTC has pledged that it would do this. We believe, however, that there is some tendency in such matters, both in Government and in industry, to overclassify information. We believe that the burden of proof should be on agencies, organizations, or businesses seeking confidentiality. In other words, we believe there should be a general rebuttable presumption of disclosure.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Comptroller General.

SUITE 404 MADISON BUILDING,
Washington, D.C., June 14, 1974.

Hon. LEWIS A. ENGMAN,
Chairman, Federal Trade Commission, Washington, D.C.

DEAR MR. CHAIRMAN: On behalf of The Business Roundtable, we wish to express our appreciation for the opportunity of meeting with Mr. James M. Folsom and other members of the Bureau of Economics to discuss the proposed LOB program.

A group of financial corporate executives had an exchange of views with the Bureau this morning and presented two recommendations: (1) a more orderly approach to the LOB program, and (2) the resolution of the problem of maintaining the confidentiality of individual firm data. A copy of a memorandum dated June 14, 1974, presented to Mr. Folsom, is attached for the information of all Commissioners.

Because of the fundamental nature of the above proposals, we request, on behalf of The Business Roundtable, the opportunity for a group of financial executives to appear before the Commission.

We estimate that such a meeting could be completed in approximately one-half hour. Since these proposals would be largely moot if not considered prior to the mailing of LOB reports, it is requested that we be granted a meeting before any further action is taken by the Commission.

The breach of confidentiality of aggregate LOB data, through pattern recognition of individual firm data, is a matter of great concern and one of the items we wish to dis-

cuss. Following our meeting with the Bureau this morning we received a letter from Mr. Folsom, dated June 12, 1974, which says "[a] check with the econometricians within the Bureau of Economics does not reveal any knowledge of simulating or other techniques which would make it possible to disaggregate aggregated data." Per Mr. Folsom's request, we will provide to him the information we now have on this topic.

The favorable consideration by the Commission of our request would be very much appreciated.

REED SMITH SHAW & MCCLAY,
By EDWARD T. TAIT.

REED SMITH, SHAW & MCCLAY,
June 14, 1974.

To: James Mack Folsom, Acting Director, Bureau of Economics, Federal Trade Commission.

From: Edward T. Tait, Counsel for Business Rountable.

Re: Meeting June 14, 1974—Annual Line-of-Business Reports.

The Business Roundtable requested this meeting in order that a small group of financial corporate executives could express their views concerning the annual line-of-business (LOB) programs. This group is not an advisory committee to the Federal Trade Commission within the meaning of any federal statute. The experts meeting here will be speaking their own personal views. Their corporate employers reserve to themselves all legal rights which may be available to them should the proposed LOB reports be issued by the Commission.

It is not our purpose at this meeting to deal with any of the mechanical details of the LOB program. While we are not in agreement with many of the underlying and basic assumptions behind the program, we assume that there is little value in discussing them once again. It is our purpose here to discuss (1) a more orderly approach to the LOB program, and (2) the problems of maintaining the confidentiality of individual firm data.

Without waiving any of the objections which the reporting companies may have as to the underlying economic theory which motivates the Commission's line-of-business program, the legal authority upon which it is based, or the manner in which it was adopted, there are two affirmative proposals that we are prepared to discuss.

(a) That the Commission limit its initial cycles of LOB reports to Items A–D using 3 digit SIC codes rather than 5 digit Census codes.

(b) That the Commission insure the confidentiality of the LOB reports prior to the initial mailing thereof.

(A) LIMIT LOB REPORTS TO ITEMS A–D

We are concerned about the Bureau of Economic Staff's approach to contamination. We are advised that the Staff's recognition of contamination under the current LOB proposal fails to fully appreciate the distortion that will exist in the reported data, which distortion will render the data meaningless. In the first place, due to the reliance on establishment-base data, not only will there be contamination by the inclusion of product sales belonging to other categories, but there will be understatement as well by the exclusion of data that does belong in a given category. Moreover, the problems of contamination and understatement are even greater as to costs, and unlike sales there is no means available under the current proposal to measure the degree of such distortions. Only if reporting companies incur all costs, use all assets, pay all taxes, and earn all income in proportion to sales in each FTC category will the distortions in these figures be equal to, and not greater than, the distortions in sales figures.

You cannot generate a useful comparison of widely varied business organizations, considering such problems as the treatment of intrafirm transfers and the allocation of joint costs and assets. The only logical starting point in the establishment of any system of accounts is the tracing of revenues. Limiting the initial cycles of LOB reports to Items A through D, using 3 digit rather than 5 digit codes, would accomplish this purpose.

(B) RESOLVE THE PROBLEMS OF CONFIDENTIALITY

Much greater attention must be given to the problem of confidentiality of individual firm data.

Through pattern recognition techniques, major competitors will be able to disaggregate reported data and obtain information, the exchange of which by the firms themselves, could violate the antitrust laws. Because of the potential anticompetitive effects, we are confident that this is not a result desired by the Commission, and that it is a problem that should be resolved now.

Moreover, there remain unresolved certain issues regarding the preservation of the confidentiality of the individual company data. These issues involve the proposed internal and external uses for the data. For example, in the absence of statutory protection of the confidentiality of the data, there exists the potential for disclosure or discovery of the data under the Freedom of Information Act, 5 U.S.C. Sec. 552, either voluntarily or through litigation, or disclosure pursuant to Congressional inquiries, or discovery of the data by subpoena of the Company's own copies. Although the Commission has endeavored to meet this problem through its regulation expanding confidential treatment afforded under the QFR program, See 38 Fed. Reg. 18,720 (FTC, July 13, 1973), recent developments in litigation under the Freedom of Information Act create significant doubt that the Commission will in fact be able to hold the individual company data inviolate. Additionally, there has been some indication that if Congress desires the individual company data, it will receive that data. Historically, Congress has considered the Commission to be an "arm of Congress." And, of course, the regulations of the current Commission cannot bind future Commissions. These few examples serve to highlight the significant likelihood that the confidentiality of individual corporate data cannot be maintained, regardless of the bona fide assurances of the Commission.

We request that the Bureau of Economics recommend to the Commission that the Commission support legislation to insure the confidentiality of LOB report data before such reports issue.

Mr. HART. Again, Mr. President, I express appreciation of the committee for their ability to respond in a fashion that will bring us data that will be of benefit to industry and the community at large.

I urge support of the bill and the Appropriations Committee recommendations.

The PRESIDING OFFICER. Who yields time?

Mr. CURTIS. Mr. President, I rise in support of the amendment to the pending bill offered by my distinguished colleague from Nebraska, Senator HRUSKA.

Mr. President, it is so easy for us to assume that every time we add to the burdens of business that we are doing something for the consumers. This is, indeed, folly.

Every time we add to this gigantic, sprawling Government that we have, we add more officers and more duties and they, in turn, make requirements upon the productive forces of our country, we are adding to the costs of goods and merchandise.

Also, I think that we should keep in mind that oftentimes here in the Nation's Capital our enthusiasm seems to rule the day.

Individuals in bureaus as well as in the Congress will work with a subject for a long time and get a strong feeling, well, if we could just impose some more regulations, some more requirements, it would do wonders for the people of the country.

That is not the case.

The many, many requirements now placed upon the productive processes of our country are not only costly in dollars, but discouraging enterprise and actually stifling competition in the country.

Go to any businessman, whether he has 1 employee or 9 or 10, or 35,000; that businessman will tell you that the burdens placed upon that industry by the Government are enormous stacks and stacks of reporting and paper.

What happens to it? Oh, it is sent off to Washington.

Maybe somebody looks at it and maybe nobody does. Maybe it provides the material for a thesis that somebody wants to write, but the fact remains that the cost of operation goes up and up. The cost of goods that people, not only well-to-do, but of limited income, must buy for their daily living and to carry on their work, the cost of it just goes on and on.

I am thoroughly convinced, Mr. President, that any time we are asked to increase the power and the scope of the Federal Government the fact is that we are rendering a great disservice to the great rank and file of the people of our country. They get no benefits from it. They pay more and competition is stifled.

Now, this line-of-business program has been described as follows:

It would require early financial reports of the 500 largest domestic manufacturing companies; the Federal Trade Commission would collect figures on sales, receipts, costs, profits, and value of assets allocated to each product line of each company.

According to the Federal Trade Commission, this bill is needed because the larger manufacturers make many different products, but generally do not give out detailed financial information on the various product categories.

The Commission contends it needs the detailed information broken down by product line to investigate the extent of competition in the U.S. economy and to support a rational policy plan procedure within the Federal Trade Commission.

Mr. President, I am not an economist, neither have I been involved with any manufacturing concern, but whether it is a manufacturer that is 1 of the top 10 or whether it is down at the bottom of the list that will have to do this reporting, the facts are they make many products. Oftentimes a product is developed. It does not go over and it is discontinued.

We will not contribute to innovation and competition by loading the productive forces of our country down with a requirement proposed by this.

Mr. President, we must not forget that after all, just plain old unsupervised competition is what lowers the price. If there is a concern that is making a gadget or a small machine, or any other product, and someone else thinks he can make it for a little less and sell it for less, he will do it; and the concern, be it large or small, had better watch its costs, or someone else will take the business. That is competition. That is what lowers the price.

When we put everyone in a straitjacket, we stifle not only the one business, but we stifle all of its competitors. I just do not buy the notion that the Government in Washington has to supervise, regulate, and look after every business transaction in the country.

We have overdone it already, with too much government, too many demands upon our people, too great an impetus to the rising cost of living. I believe that when anyone comes in here with a proposition to add to our Government, to give greater power to existing Government agencies, the burden should be upon him to prove a real, existing need that can be met in no other way.

I think the Senate would do well to adopt the amendment offered by my distinguished colleague (Mr. HRUSKA), and I shall support it.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, I yield the distinguished Senator from Maine 5 minutes.

Mr. HATHAWAY. I thank the Senator from Wyoming.

Mr. President, I would like to say a few words in opposition to the amendment now under consideration.

The American population of today finds itself in the middle of substantial economic turbulence. The citizenry is faced with the gloomy realities of double-digit inflation and widespread commodity shortages. At no time in our recent history has the need for accurate and comprehensive financial data from conglomerate corporations been more urgent.

Many economists have pointed out that it is essential that Government economic policy rely more on specific industries or product-line policies to deal with inflation and shortages.

Had this type of data been available to the Government last year, we would have been better able to make fundamental policy decisions with regard to the energy crisis. As it was, neither the FTC nor the FED had essential data on the energy industries.

If the Hruska amendment is approved we will have to wait even longer for line-of-business information.

The Hruska amendment contradicts entirely the philosophy surrounding the line-of-business reporting program.

In limiting the required financial reporting to sales data, the Hruska amendment would render the line-of-business reporting program a worthless tool. Sales information is already readily accessible from a number of sources, most notably from the census of manufacturers. If enacted, the Hruska amendment would eliminate nearly all the relevant and informative data that the line-of-business reporting program was designed to obtain.

Cost analysis of labor and materials would not be available, nor would research and development cost information. Advertising costs, too, would remain unknown to all except company officials. It would be interesting to see just how much of the consumer dollar is spent on advertising, to see just how much advertising costs contribute to the spiraling inflation that is engulfing us. Advertising costs cannot be analyzed if no information is available. The line of business reporting program serves little positive purpose without the availability of these and other cost figures.

As I understand it, the basic intent of this amendment is to delay the implementation of the LB program for another year. Therefore, if we pass this amendment we will have accomplished nothing. The same methods and types of data reporting will exist as existed before passage of this bill.

Furthermore, the Hruska amendment, while professing to minimize the burden on the conglomerates during the first year of operation will, most likely, increase the cost to both Government and the corporations. The ultimate cost to Government will increase because the $305,000 we are appropriating today will be utilized to fund data collection essentially duplicative of data collection already being done by Census. The cost to corporations of implementing whatever new accounting procedures or rewrite of computer programs as necessitated by the LB program may very well be more expensive next year than this year. Moreover, it can be argued that the improved cost data provided by the LB program will help companies make informed decisions, thus contributing to savings due to efficiency of resource allocation.

Finally, the contention that the line of business reporting program places too much burden on the conglomerates over too short a time span is an argument without valid grounds. The FTC has gone to great pains to minimize the burden on the reporting corporation, loosening their requirements in defining lines of business, deliberately basing the lines of business on U.S. census industry categories, and limiting reporting in the first year to material and labor costs, directly traceable advertising costs, and R. & D. costs, excluding any information concerning profits and nearly half of the initially required cost analysis.

The costs of the LB program to business will, admittedly, not be negligible. It is clear, however, that their costs will be small when compared to the benefits that may result with the effective utilization of the line-of-business reporting program.

I urge my colleagues to join with me in voting "no" on the pending amendment.

The PRESIDING OFICER. Who yields time?

Mr. McGEE. Mr. President, I yield the Senator from Montana—5 minutes?

Mr. METCALF. I am delighted. I think I can complete my statement in 5 minutes.

Mr. McGEE. The Senator may have more time if he wishes.

Mr. METCALF. Mr. President, both Senators from Nebraska have suggested that this is an undue burden on business and that such a survey as we have would cost so much more than it would warrant to have such a survey, the benefit-cost ratio would be adverse, and we should not go into this problem.

Now, I want to recall that we have had this whole problem presented to us for many years, and we have had the OMB analyze the cost of surveying, had the OMB make the predictions for whether or not it would be an undue burden; and then, when the Alaska pipeline bill came up—and I want to say to my good friend, the junior Senator from Nebraska, that it was no more irrelevant to call it the Alaska pipeline bill than it was to mention this amendment, because originally, that originated as a rider to the bill to build a pipeline across public lands. But when that came up, the Senator from Michigan and others proposed that when the regulatory commissions, the commissions that are responsive to the Congress, asked for business surveys, they would go to the General Accounting Office. And that, as the junior Senator from Nebraska suggested, was an irrelevant change.

Now, I want to say that in my estimation, the General Accounting Office has been most careful, most precise, in eliminating the burdens on any type of business.

Since that change came into effect, there have been, according to Mr. Phillip Sam Hughes, representative of the General Accounting Office, 50 applications for surveys. Out of that 50, only 19 have been permitted.

There have already been published in the Federal Register rules of the General Accounting Office that provide for the ways in which these applications will be permitted, for the scope and requirements for the surveys, and to relieve the burden on business.

Specifically with respect to the line of business survey of the Federal Trade Commission, the General Accounting Office wrote a letter to the Federal Trade Commission and set forth four separate categories that had to be answered and had to be met before the survey could go forward. That is on page 2 of the corporate disclosure hearing that I held when we inquired about this line of business survey.

I ask unanimous consent that the letter from the Assistant Comptroller General of the United States be placed in the RECORD.

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

ASSISTANT COMPTROLLER GENERAL
OF THE UNITED STATES,
April 11, 1974.

Hon. LEWIS A. ENGMAN,
Chairman, Federal Trade Commission.

DEAR MR. ENGMAN: We have received and are reviewing your proposed Annual Line of Business Report.

In order that we may complete our examination and evaluation of your request, we

orally requested last Thursday from Mr. Lipsky, of your Commission, the following data:

1. Studies supporting FTC's claimed uses and benefits to be gained by possession of and publishing the data requested.

2. Details of the analysis of issues raised by non-FTC reviewers and FTC's plan to deal with these issues.

3. Details of consideration given to data needs of other Government agencies in the line of business request.

4. Analysis of the principal changes between the August LOB draft, and the December draft, and the December draft and the March draft.

If there is some problem about our obtaining this data, we would appreciate your telephoning us so we can find a mutually agreeable time for a meeting to duscuss the matter further.

Sincerely yours,

HASSELL B. BELL,
Assistant for Special Studies.

Mr. METCALF. So, the first thing is that we have more careful, more scrupulous scrutiny of the burden on industry than we had even before we had it under the supervision of the Office of Management and Budget.

We are dealing with the 500 largest corporations in the United States. We are dealing with conglomerates that manufacture farm machinery, computers, sell feed, and do all these things; and we are only asking them to differentiate between the computer sales, on the one hand, and perhaps, farm machinery on the other.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. METCALF. Mr. President, may I have 1 more minute?

Mr. McGEE. I will be glad to yield an additional 2 minutes.

Mr. METCALF. Two minutes, a reasonable 2 minutes.

The second proposition I want to set up is that the very brilliant and aggressive Chairman of the Federal Trade Commission testified before the Subcommittee on Budgeting of the Committee on Government Operations and explained to us what he wanted to do and what he was seeking to accomplish in this line of business survey. This was done in this report. I ask unanimous consent that his explanation of that be incorporated in the RECORD at this point.

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

THE FEDERAL TRADE COMMISSION LINE OF BUSINESS REPORTING PROGRAM—BUREAU OF ECONOMICS STAFF REPORT

INTRODUCTION

Few actions contemplated by the Federal Trade Commission have attracted as much attention and criticism from industry as the proposed Line of Business (LB) program. The Bureau of Economics staff has attempted to be responsive to suggestions and criticisms of industry and to devise a program which simultaneously serves the public interest and satisfies a feasibility criterion. It admits that it has made mistakes. It has tried to learn and to improve the program in response to constructive suggestions from many interested parties including business concerns, accounting firms, and other government agencies. However, it is also clear from the opposition its efforts have evoked that an unusually sensitive nerve has been struck. In this paper the economics staff seeks to clarify the rationale for the program and to assess the principal criticisms. The report deals in turn with the background of the program and its uses, the meaningfulness of statistics to be collected, the burden which will be imposed upon complying corporation, and the problem of confidentiality.

THE PROGRAM'S HISTORICAL BACKGROUND

Government efforts to induce disclosure of business corporation operations are no new development. Even before he was elected to the Vice Presidency, Theodore Roosevelt concluded a January 3, 1900, address on the "trust" problem:

It is therefore evident that publicity is the one sure and adequate remedy which we can now invoke. There may be other remedies but what these others are we can only find out by publicity, as the result of investigation. The first requisite is knowledge, full and complete.[1]

This view was instrumental in Roosevelt's creation in 1903 of the Bureau of Corporations, whose prime mission was to investigate and publicize the activities of monopolistic business corporations. During its short history, the Bureau conducted numerous studies of lasting importance, including those on such major industries as meat packing, steel, tobacco, and petroleum refining—forerunners of major antitrust actions.

Successor to the Bureau of Corporations was the Federal Trade Commission, one of whose main functions, President Woodrow Wilson recommended to a joint session of Congress on January 20, 1914, would be to serve as an "indispensable instrument of information and publicity."[2] Since that time the FTC has continuously carried out programs to make qualitative and quantitative information on corporate performance available to Congress, government executive agencies, and the general public.

Legislation resulting substantially from FTC reports included the Export Trade Act of 1918 (Webb-Pomerene), the Packers and Stockyard Act of 1921, the Radio Act (1927), the Federal Communications Act (1934), the Federal Power Act (1935), and the Celler-Kefauver (antimerger) Act (1950). At the time of the "Great Crash" in 1929, the FTC was studying stock manipulation and other problems in securities markets. It subsequently recommended that another permanent independent regulatory commission be established to specialize in securities regulation. Congress acted and established the SEC, which in fact was housed in the FTC during the first years of its existence.

In the late 1930's the Commission became the fact-finding and research arm of the Temporary National Economic Committee (TNEC). It produced major studies for the TNEC on monopoly performance in five industries and on the relative efficiency of small, medium, and large business organizations. In 1938 it began a permanent program for current profit information reporting. This soon became a tool in our World War II mobilization effort. The Commission's expertise also proved to be invaluable in several wartime studies of costs and efficiency. Following World War II, the FTC's profit reporting program evolved into what is now the *Quarterly Financial Report* series, subscribed to by several thousand government, business, and educational organizations.

RECENT CORPORATE REPORTING DEVELOPMENTS

During the past two decades the problems faced by such agencies as the Federal Trade Commission, the Securities and Exchange Commission, and the Internal Revenue Service in attempting to make useful information available on industries' financial performance have been aggravated by new corporate structural developments. A massive and continuing merger wave following World War II greatly increased the concentration of assets among the largest manufacturing corporations. In the 1960's this merger movement became more and more conglomerate in character. As business firms merged or expanded to embrace under one corporate roof an ever wider array of industrial and commercial activities, it became increasingly difficult to determine from the various published financial reports what was happening in any given narrowly defined industry. Conglomerate corporations typically publish only very limited details on their operations broken down by product line, and the product lines they choose to single out are characteristically much too broad to afford real insight into particular industries' functioning. Lacking disaggregated line of business data, government and private financial statistical reporting agencies are forced to prepare their industry analyses by assigning the data for a whole company to the industry in which the company has its largest sales volume—that is, to its so-called "primary" industry. Using this approach, figures for such performance indicators as industry profitability or advertising outlays include amounts derived from products sold by firms assigned to that industry, but which do not really belong in the industry. At the same time, figures are excluded for relevant products which are produced by firms not primarily classified in the industry.

To elucidate this point, we begin by noting that the number of domestic four-digit SIC manufacturing industries in which the 200 largest U.S. manufacturing companies participated increased from an average of 13 in 1960 to an average of 20 in 1968. This means that on the average, the use of the primary classification method to construct four-digit industry profit tables from data supplies in the consolidated company reports of the 200 largest manufacturers would cause contaminating data from 10 secondary activities to be in with relevant data for the primary industry. Since 1968 the statistical situation has worsened as large companies have continued to diversify.

The effect of multi-industry participation is seen more concretely in statistics for a sample of some 136 corporations that have submitted Pre-Merger Notification data to the FTC since 1969. The sample included all companies which submitted such reports and which ranked among the top 500 U.S. manufacturing corporations. A tabulation of the detailed sales figures submitted by the companies, after their sales were classified into the 219 manufacturing industry categories proposed for the FTC Line of Business reports, shows that these companies were 43 percent specialized to their primary FTC line of business.[3] In other words, for each dollar of relevant data the average company contributed to its primary line of business, it contributed $1.33 of contaminating data—data relating to the secondary activity industries in which it participated. Considering that the 200 largest manufacturing corporations account for 60 percent of all manufacturing assets and the 500 largest 73 percent, it is apparent that profit summaries based upon the assignment of whole companies to a specific industry or line of business are highly misleading.

Table 1, reproduced from the FTC staff's 1973 *Economic Report on the Dairy Industry*, illustrates the problems encountered under the primary industry classification approach. It shows that of the top eight fluid milk processing companies, only the three largest were primarily classified to that industry in 1967. Those three companies alone simultaneously carried secondary activity data into fluid milk industry profit tabulations equal to 37 percent of the total sales of the fluid milk industry. Since much of the milk industry's output was actually classified in other industries, the overall contaminating effect of this secondary activity data on fluid

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milk processing industry profit rates was even greater.

Similar problems exist in many other lines of business. One additional example is useful. Of leading computer mainframe manufacturers during the 1960's, seven firms—Sperry Rand, Control Data, Honeywell, RCA, General Electric, NCR, and Westinghouse—filed Pre-Merger Notification forms with the FTC. On the average those seven firms were less than 15 percent specialized in the computer industry, and all but two were primarily classified in other industries. Although authenticated product data for IBM are not available in Bureau of Economics files, published accounts indicate that nearly half of IBM's business activity is abroad and as much as 75 percent of its profits come from foreign sources. It seems quite clear that using whole company data to tabulate profit or other performance indicators for the domestic computer industry would not yield even a remotely accurate view of what is happening in that important field.

TABLE 1.—DIVERSIFICATION OF THE 8 LARGEST FLUID MILK PROCESSORS DURING 1967

[In percent]

Largest dairy companies	Company's share of fluid milk industry shipments	Is company primarily classified as a fluid milk products processor?	Percent that fluid milk product shipments are of the value of total company shipments	Nonfluid milk product shipments of this company as a percent of the total shipments of the fluid milk products industry
Borden	6.3	Yes	32	13
Kraftco	6.2	Yes	28	16
Beatrice	4.1	Yes	35	8
Top 3	16.6		[1] 32	37
Foremost	3.4	No	19	(2)
Southland	2.2	No	[3] 25	(2)
Safeway	2.2	No	[3] 5	(2)
Dairylea	2.1	No	(4)	(2)
Carnation	1.9	No	22	(2)
Top 8	28.4			

[1] Average.
[2] Not computed because companies are not primarily classified in the fluid milk products industry.
[3] Estimate.
[4] Low.

Source: Bureau of Economics, Federal Trade Commission.

Matters would be improved if company financial statements provided a more detailed picture of activities in specific product lines. In 1969 the Securities and Exchange Commission began requiring registered corporations to disclose line of business revenues and income on certain SEC disclosure statements. The rule was later extended to include annual 10–K reports to the SEC. The purpose of this rule is limited, however. The SEC is preoccupied largely with the information requirements of individuals or organizations investing in particular *firms*. It is not concerned with the problems of persons attempting to analyze the performance of *industries*, nor does it require firms to supply their information at any sharply focused level of details. Companies define their own data submission categories, and they are their own judges of reasonableness and relevance.

Regarding the number of categories, the SEC rule states that corporations with assets of more than $50 million are required to report on lines of business that comprised 10 percent or more of sales. A sample of SEC reports for 1970 shows that companies having half a billion dollars or more in assets reported 40 percent of their activity in categories that lumped together operations in different major two-digit SIC industrial groups. Examples include the scrambling of such diverse activities as home construction with automobile rentals, publishing, and training schools; or the manufacture of eyeglasses with sporting goods and mobile homes; or yacht construction with the manufacture of textile machinery and information processing devices; or women's fashion clothes with medical diagnostic services.

A bureau of the Census tabulation based on 1963 data shows that even if the largest corporations applied the SEC 10 percent rule with respect to each broad industry category used by the Census Bureau for classifying enterprises, they would only have to report separately on a small percentage of the total number of industries in which they participated. The 50 largest corporations would have to report on only 14 percent of their categories, while the 151st to 200th would report on 40 percent. Changing the rule to a fixed $25 million dollar standard would increase the number of reporting categories to 42 percent for the 50 largest manufacturers. The $10 million FTC line of business rule would of course be much more inclusive.

To sum, the spread of the conglomerate phenomenon has made it increasingly difficult and in many instances impossible to obtain a reliable, undistorted view of the financial performance of many important American industries. Relative to Theodore Roosevelt's demand for "knowledge, full and complete," there is now a critical dearth of needed statistical materials. This shortcoming desperately needs to be remedied.

THE NEED FOR ACCURATE INDUSTRY PERFORMANCE DATA

Comprehensive, well-focused information on profits and other measures of industry performance is desirable for a number of reasons. Perhaps most important, the industrial economy can operate efficiently only if there are clear-cut signals guiding the allocation of resources into those fields where buyers' demands are incompletely satisfied relative to the cost of supplying additional output, and away from areas in which supply is excessive in relation to demand. Profits play a crucial role in this signaling process. The improved profit data provided by the LB program will help companies, individual investors, and the Federal Trade Commission make better-informed decisions, with a direct impact on the efficiency of resource allocation.

One impact of LB will be to help point out those industries in which demand is inadequately satisfied and as a consequence profits are particularly high. Thus, it will show where existing companies can profitably invest in expanded capacity and new competitors can enter. Granted, existing producers usually have internal data to guide expansion decisions, and outsiders in the best position to enter many know enough about potential operating costs that they might base competitive entry decisions on comparisons of price vs. cost rather than mere observation of prevailing profits. But even for most-favored potential entrants, such price-cost analyses require intensive managerial effort, and the effort is often not undertaken unless management is stimulated by knowledge of continuing high profit realizations by insiders. Line of Business data will accelerate this recognition process. As a DuPont executive complained, "It could lead other companies to concentrate on our most profitable lines."[4] The information will also permit insiders to compare their own profit results with those of a larger sample of industry participants, prodding them to introduce cost-saving production methods or improved products when the comparison is unfavorable.

Another force potentially disciplining the allocation of resources is the decisions of investors, large and small, in the securities markets. When a line of business is profitable, investors bid up the price of the participating firms' stock, facilitating expansion. When a line is unprofitable, stock prices should be depressed, discouraging expansion and encouraging the timely withdrawal of resources to more remunerative lines. Yet when the returns of both profitable and unprofitable ventures are scrambled together in conglomerate corporations, reports, it is much harder for investors to exercise this selectivity so important to the proper allocative functioning of capital markets.

When an industry is growing only slowly or declining, this element of discipline through investor choices is attenuated even more sharply, since management may be able to finance all desired new investments using retained earnings. Here serious resource misallocation may occur, recent economic research suggests. Baumol, Helm, Malkiel, and Quandt found that on the average, large U.S. corporations earned much lower returns on reinvested retained earnings than on new equity issues—quite possibly because corporate managers prefer to continue building their own sales empires even when it is unprofitable, rather than distributing more earnings to shareholders (and through the individual income tax, to the Federal Treasury).[5] These results have been criticized on various statistical grounds, in part because the data with which the economists had to work are so deficient due to conglomerate scrambling.[6] More recent research by Professors Grabowski and Mueller suggests that the problem of unremunerative investment is centered mainly in the less dynamic firms, where the conflict between managerial empire builders and stockholders is sharpest.[7] Grabowski and Mueller also discovered that investors show their displeasure over excessive earnings retention in non-dynamic industries by bidding down the prices of such companies' common stock shares, in extreme cases rendering the firms vulnerable to a take-over raid and perhaps ejection of the incumbent management. Yet the ability of stockholders to exercise this indirect form of discipline is severely impaired by the scrambling of returns for stagnant with dynamic industries in conglomerate corporation reports. Publication of the Line of Business profit data would help stock analysts and ultimately investors make decisions which force managers to use the resources at their command efficiently.

If new competitive entry and expansion investment encouraged by investor share bidding fail persistently to reduce profit returns in some industries to the level of capital costs, monopoly may be to blame. Intervention by the antitrust agencies may then be appropriate to create conditions conducive to levels of capacity investment and output responsive to consumer demands. Line of

Footnotes at end of article.

Business profit data will be a valuable tool in helping the enforcement agencies direct their activities toward those industries where the market is malfunctioning most seriously. To be sure, they cannot be used as the sole and decisive indicator. Profits may be persistently high because of socially important scale economies or because firms have developed superior new products or processes protected by valid patents. Or profits may fail to be abnormally high despite the presence of monopoly because companies are inefficient and have opted for "the quiet life." Line of Business data can never be a deus ex machina by which antitrust enforcers unwaveringly identify monopolistic industries. But they can be an important component in the enforcers' arsenal, helping to select industries for further investigation, to evaluate the quality of specific industries' performance, and to use the limited investigatory and adjudicative resources at their disposal more wisely. Through the more rational allocation of antitrust resources, the overall allocation of America's industrial resources will in turn be improved.

Here other outputs of the LB program also become relevant. To assess the quality of an industry's performance, one must evaluate not only profits, but also technological progressiveness, promotional expenditures, inflationary or counter-inflationary cost trends, and a variety of other indicators. Data on such performance variables for narrowly-defined industries range from meager to non-existent. For instance, it is widely believed that very high promotional outlays are an indicator of possibly deficient industrial performance. There have been many studies of the relationships between advertising outlays, concentration, and monopoly power. Still it is probably true that in most industries, expenditures for personal sales representation and other non-advertising promotional efforts are considerably greater than advertising outlays. Almost no reliable data exist on such expenditures, and as a result it is extremely difficult to assess their competitive significance either in general or in specific industries.

Ths problem extends beyond the sphere of antitrust law enforcement. The Federal Trade Commission has since its inception been charged with carrying out research and maintaining expertise concerning the functioning of the industrial and commercial economy. As corporations evolve in increasingly conglomerate directions, it becomes more and more difficult to analyze in detail what is happening in the mainstream of the American economy. Yet if public confidence in our private enterprise economy is to be maintained, an atmosphere of openness and understanding is imperative. Implementation of the Line of Business program will reverse the trend toward decreased transparency of industrial activities and make it possible to begin reestablishing the much-needed base of knowledge and understanding.

No time could be more propitious for this reversal than the present. Now that formal economic controls have been abandoned, the U.S. economy is certain to go through a period of dramatic change. Without much better data on individual industries than those which now exist, it will be impossible to analyze the structure and dynamics of those changes and to pinpoint the reasons why inflation persists or is dampened. Line of Business reporting will facilitate such analyses and (perhaps even more important) will mobilize public scrutiny as a check on industrialists who might be tempted to exploit their unleashed market power to raise prices and profits unconscionably. It may also discourage repetition of problems like those involving world-spanning petroleum conglomerates during the crude oil crisis of recent months. Before the U.S. Congress, the leading companies testified that most of their substantial profit increase during the last quarter of 1973 and the first quarter of 1974 was attributable to European operations. But in hearings before the German Federal Cartel Office in April the same companies (while declining to provide detailed supporting data) argued that their profits could not be traced to German sales, even though wholesale fuel oil and gasoline prices before taxes in Germany tended to be higher than in most other Western European nations. Such "profit, profit, who's got the profit" games undermine public confidence in conglomerate business. In Western Germany, a bastion of private enterprise since the 1955 occupation cessation treaty, one nationalized petroleum enterprise has already been created during the past year. The recent behavior of American and British oil conglomerates has spurred serious talk of further nationalization.

In 1974 as in 1900, nothing can be more damaging over the long run to public confidence in private enterprise than an attitude among big businesses that the public has no right to know. Antitrust enforcement in America has long been viewed as a substitute for regulation or the more drastic remedy of nationalization. If its effectivness is thwarted by the increasing difficulty of getting data by which industrial performance can be evaluated, more drastic approaches will sooner or later gain support. The Line of Business program, by supporting the natural workings of the competitive market process and by increasing the effectiveness of antitrust enforcement, is in a real sense a program which may save private big conglomerate enterprise from its own lemming instincts.

THE MEANINGFULNESS OF LINE OF BUSINESS DATA

Many criticisms have been raised by industry representatives concerning the limited meaningfulness and accuracy of the proposed Line of Business reports. Some of this criticism is undoubtedly attributable to the natural propensity for participants in a debate involving vital conflicting interests to portray their opponents' case in something less than the most flattering light. Still valid critical points have also been raised, and the FTC staff has tried hard to improve the LB program so that it will be as effective an instrument of information provision as is possible within reasonable cost constraints. In the pages which follow we describe the adaptations which have taken place and answer prominent criticisms which we consider to have little or no merit.

The arbitrariness of cost allocations

A recurrent critical theme in comments on line of business reporting is that the difficulties in allocating common costs are so great that such reporting would yield data which are meaningless. Common costs exist if it would cost more to produce several products separately than it does to produce them together. The argument here is that any allocation of common costs to the products is arbitrary. If the assignment of costs is arbitrary, it is claimed, then profits reported for the diverse lines of business must also be arbitrary. And finally, since the profit data are subject to arbitrary cost allocations, they should not be used in economic analyses.

There are several reasons why we reject this argument. One is that it is essentially an argument against using *any* accounting data in conducting economic analyses. The allocation of common costs is only one of several accounting areas in which arbitrary procedures are used. In the treatment of depreciation, for example, there exists a valid set of charges against a long-lived asset. These must somehow be assigned to the several years of the asset's useful life. Such charges are ideally related to the asset's real contribution at different periods in time to the production which the asset facilitates. None of the depreciation rules conventionally used are designed to reflect the "true" charges related to economic usefulness. But neither the accounting profession nor the economics profession has concluded that because the depreciation rules actually employed are arbitrary, the profit data which depend upon them should not be used. Rather, the analyst employing profit data is warned that the results may depend on the depreciation rules embodied. And attempts are made using both conceptual methodology and empirical studies to determine the likely effects of depreciation rule choices on the results of the economic analysis.

A similar problem exists with respect to the valuation of assets. Of critical importance is the effect of changes in price levels. If asset prices are rising, say, and assets are valued at original cost, an asset which was purchased in an earlier year will appear to be less valuable than the same asset purchased later. Profit return on asset ratios for the two assets will imply that the older one has a higher rate of return. In truth, of course, they have the same rate of return if they are comparable in all respects but vintage.

An ideal solution to this problem would be to value assets at their current market value instead of at cost. But to do, that, it is necessary to estimate current value, and that exercise must involve some arbitrariness. If accurate current market data on asset value could be obtained (which is seldom feasible), virtually all economists would advocate the use of profit figures based on such current cost valuations over those based on original cost valuations, even though the latter involve absolutely no arbitrary elements at all.

This second illustration demonstrates a most important point toward understanding the usefulness of accounting data in economic analysis. It is not arbitrariness per se which is critical. There are no judgments to be made in using the original cost valuation of assets. The same is true of writing off research and development costs as current expenses rather than capitalizing and depreciating them. Each such procedure can be applied without any arbitrariness. But each may lead to serious distortions in reporting the apparent profitability of an economic activity. The alternative in each case must entail subjective judgments; that is, judgments with some elements of arbitrariness.

The argument that profit data based on common cost allocations should not be used is invalid not only for the reasons stated above. It is also suspect because its proponents have not offered empirical evidence on the probable effect which the arbitrariness would have. It is certainly true in principle that a change in allocation procedures might lead to a different estimate of profitability. What is critical however is not the mere fact that such an effect might exist, but its magnitude. That different common cost allocation procedures are used is well known. That differences in allocation procedures might cause differences in reported profitability is also well known. What is not at all well known is the quantitative magnitude of those differences. One major virtue of the LB program is that it will permit conducting sensitivity analyses to determine how different allocation assumptions affect reported profits. Such an analytical effort is a significant component of the FTC's contemplated Line of Business program.

The size of the LB company sample

Criticisms have also been levelled at the FTC staff decision to focus on the 500 largest manufacturing corporations. This was decided upon after weighing three partially conflicting goals. The first goal was to obtain sufficient data for the published report to be

meaningful, the second to obtain data on a sufficient number of firms to eliminate problems with respect to confidentiality, and the third to minimize the cost of industry and to the FTC. The best compromise appeared to be obtaining data from the 500 largest manufacturing concerns.[8] These firms account for around 70 percent of all manufacturing assets, thus ensuring substantial coverage of the manufacturing sector, although their number is less than one-fourth of one percent of all manufacturing corporations. Doubling the number of reporting firms would increase the program's asset coverage by about 5 percentage points.

Of course, experience gained from actually implementing the program may show that the number of firms needs to be changed. At present we cannot predict precisely the problems concerning the amount of data needed to avoid disclosure problems on individuals lines of business. One reason for the truncated data request for 1973 was to permit the identification of those lines where the publication of information would conflict with confidentiality restrictions. Our intention is to add firms to fill out inadequately surveyed lines where such problems arise.

Data contamination under alternate reporting systems

The first two FTC staff proposals (in December 1970 and August 1973) to collect line of business data were frequently interpreted as requiring responding firms to report on a strict product line basis. That is, all costs, sales, and profits of any given product would have to be allocated directly to the relevant line of business. Company spokesmen contended that it was impossible to produce reasonably accurate data on a strict product line basis, or that if it could be done at all, the cost would be exorbitant. Further studies were therefore pursued to find a way of accumulating reasonably accurate data at tolerable costs. Since firms had asserted that a major problem in generating the data was the allocation of joint costs to the various products, the search for a better method concentrated on this aspect. Out of this search came the establishment approach to defining lines of business. Under this procedure, a firm can classify its plants (i.e., establishments) into lines of business on the basis of the largest-selling product in each establishment. This procedure eliminates completely the necessity of allocating plant overhead to diverse products manufactured within a single plant, unless the firm already makes such allocations of its own purposes. It also reduces the cost to firms of complying with the program.

Adopting the establishment approach to defining lines of business was not an unmixed blessing. In return for reduced compliance costs and for data less contaminated by common cost allocation problems, the lines of business will now include sales of products which should ideally be included elsewhere—a phenomenon called "product contamination." Fortunately, data were available to analyze the severity of this problem, and such an analysis was made before the final decision to adopt the establishment approach.

Using data reported in the 1967 Census of Manufactures, the most recent full Census currently available, the degree of product contamination was measured for 196 of the 217 FTC manufacturing lines of business. (It was not possible to analyze all the lines because of changes in the SIC codes between 1967 and 1972.) That analysis showed an average amount of product contamination of nine percent. That is, sales which should actually be allocated to other lines of business would on the average amount to nine percent of the sales assigned to a given line. In only seven of the 196 product lines did the contamination ratio exceed 20 percent.

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While everyone would prefer to have absolutely perfect statistics, those who work with data realize that perfect data are never attainable. Thus, the basic question is whether the LB data will be substantially better than what could be generated by the only alternative means—namely, forming lines of business by assigning firms to the industry of their largest-selling product line. Information was also available to measure the degree of product contamination which would result from such a procedure. The data source was the FTC Pre-Merger Notification program. The companies included in the analysis were those 136 large manufacturing concerns among the 500 largest which had made acquisitions triggering reports under the program. An examination of the sales of these companies showed that an average of 57 percent of their sales were in lines of business other than their largest-selling one. The degree of conglomeration was so great that for 20 of the firms, the largest-selling product accounted for less than one-fifth of the firm's total sales. For any industry to which such a firm's entire sales and profits were assigned, the degree of data contamination would be very great indeed.

Three additional points need to be made. First, the analysis of product contamination for both firms and industries had to be made with seven year old data. Second, although this analysis shows that currently available statistics have much more contamination than the material which the LB program will provide, the extent of product contamination from assigning one firm to one industry is understated because the diversification effect of mergers since 1967 is excluded. Third, any attempt to form lines of business by assigning firms on the basis of their primary product is almost impossible unless one has access to confidential firm data such as that produced under the Pre-Merger Notification program. The severity of this problem increases with the number of lines of business a corporation spans.

The total number of lines of business

A 1970 proposal to collect line of business data would have required companies to furnish information on their activities at the three-digit SIC code level except for selected high-concentration industries where a four-digit level would have been required. In 1973 a different approach was embraced in the hope of obtaining statistics on lines of of business appproximating economic markets defined as meaningfully as possible. On closer analysis, however, this later approach appeared to pose various difficulties. First, it was not comparable with other government statistics collecting programs such as those conducted by the Bureau of the Census or the Internal Revenue Service. Second, the more narrowly defined lines increased the severity of transfer pricing problems. Other government agencies which were potential users of the Line of Business data were particularly critical of the proposed program because of its lack of comparability. In response to both government and industry criticisms, the three-digit approach to line of business definition was largely restored. However, breakdowns to four-digit SIC levels were made where concentration was high (i.e., with the leading four sellers commanding a combined market share of 60 percent or higher) or where there was reason to believe that respondents' data collecting systems conformed more closely to the four-digit level than to the three-digit level. The result was a convergence to 228 lines of business, 219 of them in manufacturing.

The FTC staff is of course aware that the current lines of business definition approach involves certain tradeoffs. In addition to reducing compliance costs, broadening the lines may improve the quality of the data slightly, since it may reduce the extent to which common cost allocations and transfer price estimates are required. But such broadening simultaneously reduces the utility of the data to parties needing to know profits for more narrowly defined lines. The compromise struck appeared to be the best one possible under circumstances in which perfection is simply unattainable.

Another tradeoff involved making the lines of business consistent with other government sources of industrial data. Consistency enables the user concurrently to employ the information collected by other government agencies along with the FTC's Line of Business data. While this may reduce the value of the data to the FTC somewhat, it will increase their value to other users. Thus, the tradeoff again appeared to be an appproprIate one.

A further point should be noted with respect to the definition of lines of business. The earlier versions of the proposed reporting form would have collected information on numerous non-manufacturing lines of business.

Because the FIC's *Quarterly Financial Report* is being expanded to include the trade and mining sectors, a decision was made to await an analysis of the quality of data generated under that program before making a final choice as to whether such line of business information should be collected. At the same time, the 500 largest manufacturers are being asked to furnish data on their lines. This will permit the FTC to make informed comments on the extent of those firms' participation in such areas as agriculture, mining, trade. strvices, etc.

Number of lines of business per firm

We estimate that the average firm responding to the Line of Business surveys will operate in elevent lines of business. However, this average firm will have sales of at least $10 million in only six or seven of those lines of business. Thus, on average, firms filing Line of Business reports will have to submit financial reports on seven or eight parts of their company—the six or seven lines of business in which they have sales of $10 million or more plus a single report for all the rest of their domestic operations.

These averages are based upon estimates of the number of lines of business and their size for a random sample of 25 of the 500 largest firms. The estimates were developed from the Economic Information Systems (EIS) Datafile. This privately-prepared data bank provides estimates of employment, value of shipments, and the primary four-digit Standard Industrial Classification industry for each domestic U.S. manufacturing plant with 20 or more employees. Combining the sales estimates for all plants which are under common ownership and whose primary product is assigned to the same FTC industry category, we arrived at estimates of that company's activity in a line of business.

Of course, not all the 25 firms in the sample had 11 lines of business. The number of lines ranged from a low of 2 to a high of 33. The number of lines in which the sampled corporations had more than $10 million in sales varied from 2 to 18.

Supplementing this 25 firm random sample, data on lines of business was developed for a few nonrandomly selected firms. The information used was drawn from reports filed with the Federal Trade Commission under its Pre-Merger Notification program. Among the material required under this program are data on value of shipments by four-digit SIC industry for 1967. These data, which are reported on an establishment basis, were used to estimate the companies' sales by line of business for 1967. The corporations for which value of shipments by line of business were estimated included three of the largest firms which will be re-

porting under the program, three of the smaller firms required to report, and one firm of about average size among the leading 500. For the large firms—Dupont, Raytheon, and Westinghouse—the total number of lines of business were 30, 19, and 53 respectively. The number of those lines in which sales exceeded $10 million were 16, 9 and 32. Among the smaller firms—Air Products and Chemicals, Columbia Broadcasting System, and Knight Newspapers—the total number of lines of business were 8, 6, and 1 respectively, while the number for which reports would have to be filed were 2, 5, and 1. Finally, the average-sized firm—Schering-Plough—had 10 lines of business and would be required to report on four of them. Again these firms were not randomly selected from among the 500, and the date used are not current. However, the numbers presented should indicate the ranges of filing required under the Line of Business program.

THE COST BURDEN

Perhaps the most dramatic criticism of the Line of Business program is industry's allegation that collecting the required data would impose a prohibitive cost burden. It is fair to say that the FTC staff was excessively sanguine in its August 1973 estimate to the Office of Management and Budget that the average cost per responding corporation would be approximately $800. In its recent submission to the Comptroller General, the staff's estimate was revised upward to encompass startup costs averaging $10,000 to $20,000 per reporting firm and annual operating costs of $5,000 to $10,000. Industry estimates on the other hand have ranged as high as $2 million per firm per year. Given such large disparities, one is reminded of the story of the Princeton physics professor who, in reporting the results of some research, observed that "The experiments reveal that the negative mu mesons are absorbed at a rate only one ten-thousandth that predicted by theory. This would be a large error even for an economist."

To provide a more complete picture of the costs projected by industrial firms, we have analyzed the program setup cost estimates filed by firms included on *Fortune's* list of the 500 largest corporations in response to the FTC staff's August 1973 version of the LB reporting form. Twenty-five such companies provided useable dollar estimates. They are summarized in Table 2, which shows that the average estimated setup cost for the August 1973 version is $548,000. If the lower limit of the ranges given by six of the companies is used, the average is $536,000. Taking the upper limit of those ranges gives a $561,000 average.

Table 2 also reveals the total 1972 sales reported in *Fortune* for the 25 companies. The average is $2.866 billion. Since the average 1972 sales level for all corporations included on the *Fortune 500* list is $1.115 billion, the sample of companies providing compliance cost estimates is evidently biased toward larger companies. There is probably a corresponding upward bias in the number of lines of business covered and hence in the cost which might be incurred by a more representative respondent.

TABLE 2.—ESTIMATED START-UP COSTS FOR FILING FTC FORM LB, AUGUST 1973 VERSION

Company	Fortune 500 rank	1972 company sales(millions)	Estimated start-up costs (thousands) Range	Mean
American Metal Climax	166	$863	$50/$100	$75
Anaconda	138	1,012	1,000	1,000
Combustion Engineering	120	1,180	100	100
Crown Zellerbach	127	1,113	100	100
Deere	90	1,500	1,000	1,000
Dow Chemical	41	2,404	400	400
DuPont	16	4,366	500	500
Ex-cell-o	405	281	300/400	350
Exxon	2	20,310	1,000	1,000
General Instrument	415	276	100	100
Inland Steel	93	1,470	100	100
Lear Siegler	244	557	400	400
McGraw Hill	292	430	40/50	45
Mobil	7	9,166	500	500
Nabisco	118	$1,214	$100	$100
Northrop	237	574	100/500	300
Outboard Marine	308	394	100	100
R. J. Reynolds	54	2,072	1,000	1,000
Singer	47	2,218	500	500
Standard Oil, California	12	5,829	800	800
Union Carbide	27	3,261	1,100	1,100
United States Steel	13	5,402	2,000	2,000
Varian Associates	500	204	50/75	63
Westinghouse	14	5,087	2,000	2,000
Westvaco	270	472	50/100	75
Total		71,655		13,708
Mean		2,866		548

Revisions in the company compliance cost estimates

The company compliance cost estimates reported in Table 2 were filed in relation to the Line of Business reporting form as it existed in draft version during August of 1973. Since that time both the form and the number of lines of business have been revised extensively, in large measure to make it easier for companies to comply. The number of lines of business was reduced from 455 to 228; reporting was shifted to an establishment orientation; the amount of time companies were given to respond was increased from 90 to 150 days; and reporting requirements for foreign operations, minority-owned subsidiaries, and joint ventures were eliminated.

In order to determine how these changes affected the cost of filing Line of Business reports, six representative companies were contacted by telephone and asked to estimate confidentially the cost impact of each individual modification. Assuming that the percentage reductions in cost for each amendment are independent[9] the cumulative estimated reduction in cost due to the changes made between August 1973 and March 1974 averaged between 81 and 83 percent, depending upon wether respondents' high or low estimates were used. If this reduction factor is applied to the $548,000 average compliance cost figure presented in Table 2, the revised average compliance cost estimate is reduced to approximately $100,000 per company for the first start-up year of the LB program. This estimate, it must be noted again, is raised upward because the companies providing the estimates upon which Table 2 is based were more than twice as large on the average as the typical firm which will be submitting Line of Business reports.

If adjustments are made to account for differences in size and diversity between the average firm providing a cost estimate and the average firm among the 500 required to report, one gets an average cost of about $50,000. This is substantially smaller than most of the cost estimates advanced by industry representatives. Yet we believe this figure is still inflated.

The underlying reporting cost assumptions

A principal reason why the cost estimates cited by industry groups are so much higher than those of the FTC's economics staff is that the industry estimates often assume a complete revamping of company accounting systems to fit the FTC's proposed reporting structure. As Mr. Howard Siers of the Financial Executives Institute testified before the House of Representatives Appropriations Subcommittee on Agriculture, Environment, and Consumer Protection:

"Compliance with the FTC proposal would require each company to develop new accounting systems, write entirely new computer programs, revise or completely rewrite thousands of existing computer programs, train personnel in the handling of the new system and test and implement the changes."

While this approach is one possible means of complying with Line of Business reporting requirements, it is certainly not the only way. Its main distinguishing feature is that it is about the most expensive procedure one could reasonably conceive to generate line of business data. Whether business firms have stressed a computerized approach to discredit the LB proposal through high cost estimates or whether they have simply not prudently analyzed what is required is unclear. What *is* clear is that there is a simpler but quite satisfactory way.

To minimize the reporting burden on companies, the lines of business have deliberately been based upon U.S. Census industry categories. Large manufacturing companies are required to report annually to the Census Bureau statistics on value of shipments, payrolls, production worker wages, the cost of purchased materials, and rental costs as well as asset data concerning new capital expenditures, the book value of depreciable assets, and inventories. These reports are by establishment for some 450 four-digit SIC industries—i.e., in even finer detail than the Line of Business program requires. Thus, more than three-fourths of manufacturers' sales are offset by costs measured and assigned to narrow industry lines for the Census program. It is over the remaining costs—e.g., depreciation, advertising, other selling costs, research and development, the operation of common warehouses, central office administration, and interest charges—that any dispute must turn. Since depreciable asset values are reported to the Census by four-digit industry, equally detailed depreciation statistics must be readily available. Although some corporate advertising is institutional in character, the vast bulk is focused on specific products, and advertising-oriented companies keep detailed records on how their major outlays are allocated, reporting them inter alia to the journal *Advertising Age*. Less than five percent of all industrial R&D consists of basic research. Most R&D activity is clearly attributable to narrow product lines, and much of it involves detailed product and process improvement work conducted at the establishment level—the focus of the Census statistical program. What remains after the implementation of these and other easily accommodated cost allocations are certain corporate research, selling, and administrative costs which are not closely linked to specific lines of business. How substantial these costs are cannot be determined accurately until actual line of business data are accumulated. Our best estimate is that they amount to five percent of the 500 largest manufacturers' sales; ten percent appears to be an absolute maximum.

Footnotes at end of article.

One could develop complicated accounting systems to allocate this small fraction of total costs by FTC line of business. Many companies already have such systems in operation. How many do is impossible to estimate since information supplied privately to the FTC staff on this point has sometimes contradicted official company pronouncements. For those companies which do not have such cost allocation systems or whose fields of allocation match the FTC's proposed lines of business imperfectly, the added precision gained by creating wholly new, elaborate allocation systems would undoubtedly not justify the cost. All the FTC is asking is that such allocations be made on the basis of reasonable, clearly articulated criteria. The sensitivity of profit figures to the application of alternate allocation criteria will then be tested by FTC staff, and where significant interpretational errors might arise as a result of the cost allocation conventions adopted, appropriate cautionary statements will be included in the published LB summary reports. The FTC Division of Financial Statistics also stands ready, as it has in the past, to work out particularly difficult cost allocation problems with industry representatives in order to ensure that the ultimate summary reports are as meaningful as possible within the limits of the unavoidably imperfect accounting art.

The kinds of cost allocation effort implied here do not therefore require elaborate new computer systems. Performing such allocations is a normal function of industrial cost accountants. Such problems are often assigned as exercises to master's degree students in cost accounting. We anticipate that an M.B.A. or C.P.A. thoroughly familiar with a corporation's accounting systems could pull together the necessary information from routine Census and internal company reports, make the further allocations required for LB, and write the appropriate explanatory footnotes in about one working week or at most two weeks per line of business. Assuming that such a junior executive earns $25,000 per year and has equal clerical and secretarial support costs, the average compilation cost per line of business would be roughly one to two thousand dollars. For the average top 500 company with 6.5 lines of business, this implies an annual cost of $6,500 and certainly not more than $20,000 per year. For the most extensively conglomerate corporations the costs will of course be higher, but such a burden can hardly be intolerable when sales are hundreds of millions or even billions of dollars per year.

Summing up, it is clear that the costs of generating line of business information will not be negligible. But it seems equally clear that many of the extremely high estimates cited in industry briefs opposing the Line of Business program are greatly overstated. The FTC staff believes that the costs of the program will be modest in relation to the substantial benefits greater information on the American economy's functioning will yield.

THE PROBLEM OF DATA CONFIDENTIALITY

Business corporations have expressed concern that the Line of Business program might lead to the release of information which should properly be kept confidential. If companies were not reluctant to publish accurate information on performance in their detailed lines of business, there would of course be no need for a mandatory LB program. To accept as confidential any information industry so labels would be a dereliction of the Federal Trade Commission's traditional duty. Yet there are statutory and well-established rules for resolving conflicts between businessmen's desire for confidentiality and the public's right to know. The Federal Trade Commission fully intends to comply with those rules in administering the Line of Business program.

The form of data publication

Table 3 provides an illustration for a hypothetical industry of the form in which the aggregated industry data will be published. In the table's rows are the various data items to be collected under parts E and F of the LB reporting form together with diverse subtotals and totals. The items are organized so that the upper three-fourths of the table corresponds to a fairly complete income statement, while the bottom quarter comprises an abbreviated balance sheet.

Subtotals in the income statement section include gross margin, operating income, net income before income taxes and extraordinary items, and net income after all such deductions. Some of these magnitudes will depend less upon allocated expenses than others, and therefore they will be less subject to errors due to the possible arbitrariness of allocations. For example, we anticipate that relatively few expenses will be allocated in computing gross margins. On the other hand, net income will be affected by all cost allocations. Given this array of statistics, users can choose between working with figures which are relatively free of allocation problems or which include all expenses.

TABLE 3.—LB 39.99: FABRICATION OF BOOJUMS AND SNARKS

[All figures are in millions of dollars]

	Direct (A)	Allocated by companies (B)	Direct or allocated by companies (A+B) (C)	Allocated by LB staff (D)	Total (C+D) (E)
Total sales or receipts	20,000	----------	20,000	----------	20,000
Cost of sales and operations:					
Inventories at beginning of fiscal year less inventories at end of fiscal year	(700)	----------	(700)	----------	(700)
Material	9,800	50	9,850	----------	9,850
Labor	3,900	20	3,920	----------	3,920
Depreciation, depletion, and amortization on plant, property, and equipment	500	50	550	50	600
Other costs of sales and operations	500	400	900	100	1,000
Total	14,000	----------	14,520	----------	14,670
Gross margin	6,000	----------	5,480	----------	5,330
Operating expenses:					
Media advertising	150	20	170	10	180
Other selling expense	60	30	90	----------	90
Research and development	550	50	600	50	650
Other operating expense	900	200	1,100	300	1,400
Total	1,660	----------	1,960	----------	2,320
Operating income	4,340	----------	3,520	----------	3,010
Nonoperating expense net of nonoperating income					
Interest expense	NA	NA	NA	300	300
Net income before income taxes	NA	----------	NA	----------	2,710
Income taxes:					
State and local	30	20	50	100	150
Federal	NA	NA	NA	1,280	1,280
Total					1,430
Net income after income taxes	NA	----------	NA	----------	1,280
Extraordinary income less extraordinary expense, net of applicable taxes	20	10	30	----------	30
Net income	NA	----------	NA	----------	1,250
Gross plant, property, and equipment	9,800	3,600	13,400	2,800	16,200
Accumulated depreciation, depletion, and amortization on plant, property, and equipment	6,000	1,800	7,800	650	8,400
Net plant, property, and equipment	3,800	----------	5,600	----------	7,800
Other assets	1,200	700	1,900	1,300	3,200
Total assets	5,000	----------	7,500	----------	11,000

In addition, the table permits users to analyze data involving only directly attributable expenses, figures involving only expenses allocated by the responding firms in addition to the directly attributable costs, or data which include all allocations, whether made by the firms or the FTC staff. Among other things, this breakdown permits the user to determine how much allocation lies behind any specific statistic, and hence how much confidence one might reasonably place in the estimate. Separate analytic studies by the FTC staff will vary the assumptions under which common costs are allocated to determine the sensitivity of income figures to those assumptions.

The most important magnitudes of Table 3 will also be subdivided by groups of firms in the order of their industry sales rank, but only at a sufficient level of aggregation so as not to violate the Census law provisions preventing the disclosure of information on any single reporting enterprise. Other planned components of the annual Line of Business report will be tables showing rates of return on assets and profit margins on sales for a series of years (after the program has been in operation for a sufficient period) and the extent of secondary product contamination in the statistics. The latter analysis will probably take the form of a matrix showing the amount of sales classified to, say, line of business A which more appropriately belongs in category B.

The underlying Line of Business data files would also be useable by (though not directly accessible to) Federal Trade Commission staff or (under appropriate cost reimbursement arrangements) outside investigation for fundamental research on characteristics of the American industrial economy. Suppose, for example, an economist wished to investigate the impact of market structure, profitability, and risk on companies' financial leverage choices. He would supply to the FTC's Division of Financial Statistics appropriately coded tapes containing variables not included in the basic LB files. These tapes

would be matched by Division of Financial Statistics personnel with the LB tapes, the desired correlations or other statistical manipulations would be performed, and the summary results would be reported to the outside investigators. Under no circumstances would the results reported include information violating the Census disclosure law. In particular, outsiders (including members of the FTC industry analysis and enforcement staffs) would not be permitted to see any raw data or transformations thereof covering individual companies supplies in confidence for the LB program.

Detailed disclosure limitations

Even the publication of data in table form might raise fears that individual firm data would be disclosed. This has not been an issue in the preparation and publication of the *Quarterly Financial Report*, since the number of firms included in each data cell has always been large—more than 11,000 firms to fill 31 industry reporting categories. But the Line of Business program will include only 500 companies reporting on an estimated 3,200 individual manufacturing lines to fill 219 industry reporting cells. The average number of firms per reporting cell is over 350 for the QFR, as compared to 15 for Line of Business. Because the probability of having only a few firms in each cell is high, the economics staff recommends that data not be published on any cell which contains fewer than three firms. Such a policy is consistent with the Census disclosure law.

For cells which contain fewer than three observations, two alternatives are available. The first is to increase the cell's coverage by adding appropriately specialized firms to the Line of Business sample. The second is to combine lines sufficiently so that disclosure problems are eliminated. The first course is the preferred one, although high concentration of activity in some lines may require that the second course be followed.

Some company representatives questioned the ability of the Commission to treat the LB data confidentially, given the Freedom of Information Act. The Commission has expressed the view that LB information is exempt from disclosure under that Act. Furthermore, it has stated that it will resist any attempts to obtain individual company data through the courts or otherwise.

Restrictions on internal use

This confidential treatment extends beyond release of data to the public. It includes any use within government for taxation, regulation, or investigation or for any Commission law enforcement activity. Because of the Commission's involvement in investigation and litigation, it has formulated rules restricting access to data received in QFR company reports to certain FTC staff members. These rules will apply to LB materials as well. An explicit statement of the rules was published in the *Federal Register* on July 13, 1973. Through an oversight, the July 13 statement prevented the Bureau of Economic Analysis of the Department of Commerce from obtaining access to information required in preparing gross national product estimates. This necessitated a correction, which was published on September 18, 1973.

Subsequently, at the Business Advisory Council for Federal Reports meeting on October 17, 1973, the OMB Examining Officer announced that the confidentiality strictures were agreeable to both the Federal Trade Commission and OMB.

The rules restrict access within the Federal Trade Commission to two groups, both within Bureau of Economics. They are the Division of Financial Statistics, which has responsibility for publishing the *Quarterly Financial Report* and will also be responsible for the LB Report, and the unit within Economic Research and Services charged with publishing the *Statistical Report on Mergers and Acquisitions* and other statistical reports. No member of these groups will be involved in other activities of the Commission, nor will any other Commission employee have access to the individual company reports. This restriction even applies to Commissioners and to the Director of the Bureau of Economics.

Persons transferred out of these units will be under the same restrictions as individuals who cease employment with the Commission, i.e., prohibited from disclosing or using the information to which they have had access. Any person violating the restriction will be subject to criminal prosecution.

CONCLUSION

No one will deny that the Line of Business program is a complex undertaking. Many obstacles must be surmounted in implementing it. For almost a year the Federal Trade Commission has attempted to respond to suggestions and comments of industry representatives, academicians, professional accountants, and potential data users in an earnest effort to make the program serve the broad public interest to the maximum possible degree. There has been considerable criticism, much of its constructive. The time has come, however, when criticism operates more to delay than to advance a program urgently needed if the Federal Trade Commission is to continue fulfilling its traditional role as an illuminator of industrial performance. Granted, difficult implementation problems remain. But their solution is most likely to be achieved if a commitment is made to go forward with the program so that the parties involved—FTC statisticians and accountants and industry's operating personnel—can address themselves in the great constructive American tradition to working out for each reporting firm and each line of business a viable set of reporting norms. Now, we believe, is the time for purely negative citicism to cease and the constructive task of implementation to commerce.

FOOTNOTES

[1] Theodore Roosevelt, *Works*, National Edition, Volume XV, pp. 42–47. See also William Letin, *Law and Economic Policy in America* (Random House, 1965), Chapters 6 and 7.

[2] 51 *Congressional Record* 1962 ff. See also S. E. Boyle, "Economic Reports and the Federal Trade Commission: 50 Years Experience," *Federal Bar Journal*, Fall 1964, p. 501.

[3] Although the sample of companies tended to include the more merger-active firms. It tended to exclude the large, older conglomerates, and it did not take into account any increase in diversification due to the acquisition about which the FTC was notified.

[4] "A Showdown over Product-Line Data," *Business Week*, October 13, 1973, p. 26.

[5] William J. Baumol, Peggy Helm, B. G. Malkiel, and R. E. Quandt, "Earnings Retention, New Capital and the Growth of the Firm," *Review of Economics and Statistics*, November 1970, pp. 345–355.

[6] See the comments by Irwin Friend, Frank Husic, and George A. Racette and the reply by Baumol et al. in the Review of Economics and Statistics, February 1973, pp. 122–131.

[7] Dennis Mueller and Henry Grabowski, "Life Cycle Effects on the Return of Corporate Retentions," Cornell University, mimeograph, 1974.

[8] Firms will be selected on the basis of the sales of their domestic manufacturing operations.

[9] E.g., that cutting the number of lines of business in half would reduce reporting cost to, say, 60 percent of the original estimate, and that providing more time to comply would in turn reduce that 60 percent by ten percent to 54 percent.

Mr. METCALF. In conclusion, he said:

No one will deny that the Line of Business program is a complex undertaking. Many obstacles must be surmounted in implementing it. For almost a year the Federal Trade Commission has attempted to respond to suggestions and comments of industry representatives, academicians, professional accountants, and potential data users in an earnest effort to make the program serve the broad public interest to the maximum possible degree. There has been considerable criticism, much of it constructive. The time has come however, when criticism operates more to delay than to advance a program urgently needed if the Federal Trade Commission is to continue fulfilling its traditional role as an illuminator of industrial performance. Granted, difficult implementation problems remain. But their solution is most likely to be achieved if a commitment is made to go forward with the program so that the parties involved—FTC statisticians and accountants and industry's operating personnel—can address themselves in the great constructive American tradition to working out for each reporting firm and each line of business a viable set of reporting norms. Now, we believe, is the time for purely negative criticism to cease and the constructive task of implementation to commerce.

There has been considerable criticism, some of it expressed on the Senate floor today. But, and this is the most important thing, he says that it is time for the criticism to end; and it is time to make a definitive decision. It is time that the Federal Trade Commission go forward with the constructive effort that is has presented as a result of these criticisms and the result of the criticisms of the General Accounting Office, and have this survey go forward with the full information we need, without running into the problems that have been expressed by the Senator from Utah and the Senator from Nebraska; that they would be misleading.

It seems to me that misleading data come from inadequate and insufficient data, and inadequate and insufficient data would result from the adoption of this amendment.

I yield back my time.

Mr. McGEE. Mr. President, I do not know of anyone else present on this side who wishes to say anything.

May I make a parliamentary inquiry?

The PRESIDING OFFICER. The Senator will state it.

Mr. McGEE. How much time has been consumed on this particular amendment?

The PRESIDING OFFICER. The time on the amendment expires at the hour of 2:20. The Senator from Wyoming has 31 minutes and the Senator from Nebraska has 12 minutes.

Mr. McGEE. I would be prepared to allow a little wiggling room for the Senator from Nebraska if the time is getting that tight.

With 41 minutes, 42 minutes or 43 minutes left, I have no one I know of who wants to address himself further to this amendment.

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

Mr. McGEE. I will be glad to yield?

Mr. HRUSKA. I understand the arrangement is that immediately prior to the vote that will occur on this amendment 10 minutes will be allotted to each side——

Mr. McGEE. Yes.

Mr. HRUSKA. To recap and to summarize.

Mr. McGEE. To summarize.

Mr. HRUSKA. Could we save time for that purpose?

Mr. McGEE. So we could have 20 minutes for that which would leave the Senator from Nebraska two minutes, and leave the Senator in charge of the bill here 21 minutes, right? We would have 11 minutes that we could be playing with yet on this side, and 2 minutes on the other.

I am prepared to set this amendment aside under those conditions for the moment so that we might proceed to another amendment by unanimous consent, if that is a correct procedure. Is that a correct procedure, may I ask the Parliamentarian?

The PRESIDING OFFICER. That is permissible.

The Senator said a moment ago he had 11 minutes to play with. Actually it is 21 minutes.

Mr. McGEE. Saving 10 minutes.

The PRESIDING OFFICER. The Senator from Wyoming has 31 minutes.

Mr. McGEE. Thirty-one now?

The PRESIDING OFFICER. Yes.

Mr. McGEE. I will be prepared to yield that back at that time if no other exigencies have arisen that require yielding to other Members of this body.

I would like to ask unanimous consent then, Mr. President, that we temporarily set aside the amendment we have been debating, with the understanding that we can return to that at the witching hour, and allow 10 minutes on each side to recap the basic issues at stake in the amendment.

The PRESIDING OFFICER. The witching hour will be 2 p.m.

Mr. McGEE. Before the rollcall vote.

The PRESIDING OFFICER. Has the Senator requested the yeas and nays yet?

Mr. McGEE. We will wait until we have more Senators in attendance.

The PRESIDING OFFICER. There is an agreement that no yea and nay votes will occur until the hour of——

Mr. McGEE. We are getting the yeas and nays not to vote now but simply to make sure that the yeas and nays are called for.

The yeas and nays were not ordered.

Mr. McGEE. Mr. President, I suggest the absence of a quorum, to be taken out of 2 minutes of the Senator's time, and as many other minutes more than that out of my time since we apparently have no use for those limited intervals of time.

Mr. ABOUREZK. Mr. President, would the Senator withhold that just briefly?

Mr. McGEE. I will be glad to withhold it briefly for a clarification.

Mr. ABOUREZK. Mr. President, I would like to ask unanimous consent that I call up my amendment and speak about 1 minute on it, and then set it aside until the time to vote has come, because I want to ask for the yeas and nays on my amendment.

Mr. McGEE. Mr. President, we can do that when we get enough Senators in the Chamber in a moment. It looks as if we may be improving our position.

Let me ask again for the yeas and nays. This is on the Hruska amendment.

The yeas and nays were ordered.

Mr. McGEE. Now, Mr. President, I ask for the yeas and nays on the Abourezk amendment.

The yeas and nays were ordered.

Mr. McGEE. Mr. President, I ask that the yeas and nays be ordered on the Hughes amendment.

The yeas and nays were ordered.

Mr. McGEE. Mr. President, I ask unanimous consent that we set aside the pending amendment and turn to the Abourezk amendment. The Senator's request was received here for 1 minute. Then the vote on it will be set aside by the earlier unanimous consent agreement to occur no sooner than the hour of 3:30. We anticipate these will be virtually back to back, subject to the 2 or 3 minutes to recap them for the benefit of the Members of the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Senator from South Dakota is recognized.

AMENDMENT NO. 1577

Mr. ABOUREZK. Mr. President, I call up my Amendment No. 1577.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 31, line 8, insert the following: delete "$4,000,000" and insert "$10,000,000".

Mr. ABOUREZK. Mr. President, this amendment would simply increase the appropriations for the self-help housing program which has enabled people all over the country to obtain financing, plans, and designs for building their own homes. Due to the tremendous cost of mortgage money, and the difficulty of low-income families in obtaining mortgage money, in my opinion it is absolutely essential to keep some kind of low-income housing program going.

Mr. President, under date of July 18, 1974, I had sent to Senators a "Dear Colleague" letter. I ask unanimous consent that the letter and also a list of Farmers Home Administration self-help housing projects and locations be printed in the RECORD.

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

U.S. SENATE,
COMMITTEE ON INTERIOR AND
INSULAR AFFAIRS,
Washington, D.C., July 18, 1974.

DEAR COLLEAGUE: It is my intention to offer an amendment which would increase funding for self-help housing from $4 million to $10 million.

The self-help housing program is a remarkable success story that has been consistently starved for adequate funding. In fact, in recent years there has been an effort to eliminate this program altogether.

The concept behind self-help housing is to provide organizations with the financial assistance necessary to pay the cost of developing, administering, or coordinating programs of technical and supervisory assistance which will aid low income families in carrying out self-help housing efforts in rural areas.

The organizations are expected to recruit families, explain home-ownership responsibilities, provide credit counseling, offer pre-construction training, assist families in selecting house plans and in obtaining cost estimate help in the preparation of loan applications, provide technical supervision and training for families while they construct their homes, and help families to solve other home problems.

When an individual is successful in getting a loan approved, construction begins under professional supervision. In an average self-help project, families contribute around 1,000 hours of their own labor. This labor must be performed after working hours, in the evenings, and on weekends. The whole family pitches in. When the project is finished, the family has a new home and a heightened sense of dignity and self-reliance.

This program is not a big one. But it has a tremendous effect on the individuals who are helped to help themselves. From Fiscal Year 1970 to Fiscal Year 1974 this program has actually cost only $9,500,000. Yet, over 3,500 homes in 25 states were built.

Self-help housing has the potential of providing tens of thousands of families with housing they could get no other way. The program has proven itself and should be expanded. That is the purpose of my amendment.

With best personal regards, I am,

Sincerely,

JAMES ABOUREZK,
U.S. Senator.

FARMERS HOME ADMINISTRATION SELF-HELP HOUSING: PROJECT AND LOCATION

Alabama: Tuskegee Institute; Colbert Lauderdale CAA, Florence; East Alabama Coop Housing, Auburn; Wil-Low Housing Corp., Hayneville.

Arizona: CASAS, Inc., Phoenix; Pinal County Better Housing, Toucson.

California: Rural Calif. Housing Corp., Sacramento; Self-Help Enterprises, Visalia; Peiples Self-Help Housing Corp., San Luis Obispo; Council of Farmworkers.

Colorado: Colorado Mig. Development Corp., Brighton.

Connecticut: Greater Middelton Community Corp., Middelton.

Florida: S.W. Florida SHH, Ft. Meyers South Florida Rural Housing, Highlands County.

Idaho: Aztlan Housing Dev. Corp., Pocatello.

Illinois: Rural Housing Dev. Corp., Aurora.

Maryland: SATAV Corp.

Massachusetts: RHI, Inc.

Mississippi: Delta Hous. Dev. Corp., Indianola Pearl River Valley Opp., Columbia.

Missouri: Missouri Hous. Alliance, Clinton.

New Mexico; Tierra Del Sol Hous. Corp., Dona Ana County.

New York: Community Action in Self-Help, Wayne County.

North Dakota: Verendris Electric Housing Corp.

Ohio: CASAS, Inc., Fremont.

Oklahoma: Kiamichi Electric Coop., Wilbuton Caddo Homes, Inc., Anadarko.

Oregon: Valley Migrant League, Woodburn Clackamas County SHH Corp., Oregon City.

South Dakota: Oahe Electric Housing Corp., Blunt Rapid Valley Hous. Corp., Rapid City.

Pennsylvania: Community Hous., Inc.

Texas: MET Housing Corp., Cleveland Amigos Unidos Dev. Corp., San Juan.

Utah: Rocky Countain Navaho Club, Salt Lake City.

Vermont: Self-Help Housing, Inc.

Washington: STOWW Alliance for Indian Housing, Federal Way, Wash. Hous. Dev. Corp., Grandview House My People, Sumner.

Wisconsin: Southeastern Wisc. Hous. Corp., Burlington; Area Rural Homes, Eau Claire; Trempealeau County Homes, Whitehall.

Mr. McGEE. Mr. President, I would say for the equivalent 1 minute that the Subcommittee on Agricultural Appropria-

tions likewise weighed this question very carefully. We had no budget estimate on it. The House added $4 million without the budget request. We were willing to abide by that figure, minus a budget request. We felt that given the compromises that were worked out in the bill, and the attempt to live up to the responsibilities of the Senate in the ceilings we imposed voluntarily ourselves on the full appropriating process, we would find it difficult to accept the Senator's $6 million addition.

Therefore, we have no recourse but to resort to the rollcall vote. I hasten to add that the merit is very substantial, and we are all on that side. I am trying now to respond to the committee's responsibility as we hammered out these various agreements that put together the overall recommendation to Congress.

Mr. FONG. Will the Senator yield?

Mr. McGEE. I am glad to yield to the Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. FONG. Mr. President, I think the committee did pretty well by this appropriation. There was nothing in the budget estimate. The administration did not ask for anything. The authorization bill has presently expired. There is no authorization at the present time. The House appropriated $4 million, and we thought we would go along with the House. I think we did pretty well by going along with the House with their $4 million.

Mr. ABOUREZK. If I might just respond, the authorization bill is now being marked up, as I understand, and it has a $10 million appropriation. Last year's appropriation was $5 million, so the $4 million is below what was used last year and, as we know, costs are going up so it will require more unless we want to destroy the program.

Therefore, Mr. President, I think it is essential to increase this particular appropriation.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, I yield to the senior Senator from South Dakota.

The PRESIDING OFFICER. The Senator is recognized.

Mr. McGEE. Had the Senator completed his remarks for the time being?

Mr. ABOUREZK. Yes.

Mr. McGOVERN. Mr. President, I have an amendment at the desk and I ask that it be stated.

The PRESIDING OFFICER. Does the Senator ask unanimous consent that the amendment be called up?

Mr. McGOVERN. Yes, I ask unanimous consent that the amendment may be called up without prejudice to the previous time arrangement on amendments.

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

The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 52, line 21, delete the period (.) and add the following:

"*Provided further*, That section 17(c) of Public Law 92-433 is amended by striking out '10%' where it appears and inserting in lieu thereof '15%'."

Mr. McGOVERN. Mr. President, this is a very short amendment to the agriculture appropriations bill. The amendment applies to the special supplemental food program for women, infants, and children—known as WIC, and is designed to give local projects more flexibility in their use of administrative funds.

It does not increase the current funding level at all.

The current WIC program requires that no more than 10 percent of total WIC expenditures can be used for administrative expenses.

Many State WIC directors, including Dr. Hayes from my home State of South Dakota, have expressed their concern over this limitation.

It seems that rural areas, with no existing health facilities, a limited number of trained professionals, no outreach mechanism, and few companion support programs, are having a very rough time getting their WIC programs off the ground with the 10-percent limit. They inform me that 10 percent may be sufficient once the program is in full swing, but that it certainly is not enough to carry the additional administrative costs connected to starting up their programs, when many expenses are incurred that will not later need to be duplicated.

This amendment, in which I am joined by the distinguished Senator from Minnesota (Mr. HUMPHREY), will simply give those programs in need of more administrative money a little more flexibility. This way, the crucial beginning period can be met competently, with assurance that sufficient materials will be prepared and training performed so that both the taxpayer and the recipient are given the full advantage of the law.

It would be a shame to inhibit the performance of this valuable program. By simply allowing them to use more of their overall budget for administrative costs, I believe we will be helping to insure the success of this very promising program.

Mr. President, I would like to thank the distinguished Senator from Wyoming (Mr. McGEE) for his leadership in the nutrition area, and for his consideration of this amendment.

Mr. President, I am very hopeful that the Senate will agree to the amendment and I ask that the Senate proceed to vote on it.

The PRESIDING OFFICER. Who yields time?

Mr. FONG. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. FONG. Mr. President, this seems like legislation on an appropriation bill, and therefore, it is subject to a point of order, so I raise the point of order at this time.

Mr. McGOVERN. Mr. President——

The PRESIDING OFFICER. Until the time has expired, a point of order is not in order. It will be in order at such time as the time has expired.

Mr. McGOVERN. Mr. President, I realize that technically speaking under the rules of the Senate this is legislation on an appropriation. I had hoped, since it is a technical amendment designed to improve the operation of the program, and does not add anything to the funding, that perhaps no Member of the Senate would raise a point of order against it.

I have nothing further to say about the merits of the amendment, but it is my hope that that point of order will be withdrawn.

Mr. FONG. Mr. President, I am quite sure that the House will raise the point of order. But in view of the fact that there is no change in the funding here, I would be willing to accept it.

Mr. McGOVERN. I thank the Senator for his consideration in withdrawing his point of order. I think it will improve the program. I appreciate the Senator withholding his point of order.

I yield back the remainder of my time.

Mr. FONG. Mr. President, I ask unanimous consent that the request that I made in connection with the point of order be vitiated.

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

Is all time yielded back?

Mr. McGEE. Mr. President, I yield back my time as manager of the bill.

Mr. FONG. I yield back my time.

Mr. McGOVERN. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, will the distinguished manager of the bill yield time for a little colloquy on several items in the bill?

Mr. McGOVERN. I yield such time as the Senator may require, to be taken out of the time on the bill, in general.

Mr. HUMPHREY. First of all, I want to thank the Senator from Wyoming, the distinguished manager of the bill, and I want to also express my thanks to the members of the Subcommittee on Agricultural Appropriations and, indeed, the full committee, for the splendid work that has been done on this bill, H.R. 15472.

On April 23, 1974, I appeared before the Agricultural Appropriations Subcommittee on this legislation and made a number of recommendations regarding the funding of several important program areas covered by this bill. Following those hearings I had several discussions with members of the committee and with a few exceptions I am very pleased with the appropriation levels provided by the committee in this bill. It is obvious in reviewing the work of the committee that they fully understand needs of American agriculture, rural America, and our Nation's economically disadvantaged as it relates to food assistance.

In the field of research funding, the committee has provided some notable additions that I am particularly pleased with. They have included $100,000 for the continuation of wild rice research; a matter of great importance in my State of Minnesota; $300,000 for agricultural transportation research, and $1,500,000 for biological nitrogen research, a field of research which could hold great promise and relief in decreasing the dependence upon manufactured nitro-

genous fertilizers, which in turn are dependent upon the availability of natural gas.

The committee has also added $590,000 over the House passed bill for soybean research and $680,000 in planning funds for a dairy cattle management and forage research laboratory. I was also very pleased to note in the bill that the committee has not only provided for the continuation of rural transportation research within the Economic Research Service—which I sponsored last year here in the Senate—but also have accepted by request this year that an additional $50,000 be provided for the embellishment of those studies to include "people" transportation problems in rural areas.

In the field of rural development and related activities, the Senate committee has provided only $20 million for rural development grants for helping communities facilitate industrial development. This is $30 million short of what I asked the committee to provide. And I shall be offering an appropriate amendment later to provide for the full $50 million.

The committee has been most generous regarding this REA and rural telephone programs—both of which are essential to the welfare of rural citizens.

There are $750 million rural electric insured loans, of which amount $80 million is to be available for 2 percent loans. For insured rural telephone loans, the committee provided $200 million of which $50 million is to be available for 2 percent loans. Thirty million dollars is also provided for capitalization of the Rural Telephone Bank.

Mr. President, I have noted several features concerning which I want the comment of the chairman.

The amounts in this bill which provided for implementing title V of the Rural Development Act, regarding rural development research and extension, I find inadequate, under the 1972 act. Fifteen million dollars is authorized for these purposes including a research and extension education program to help small farmers. I feel very strongly that the full $15 million should be provided, including instructions from the committee that at least $5 million of this amount should be utilized for implementing the small farmer research and extension education program—a program pioneered in the State of Vermont, the home of the distinguished dean of the State, Senator GEORGE AIKEN.

Mr. President, I feel very strongly that the full authorization amount should have been provided, including instructions from the committee that at least $5 million of this amount should be utilized for implementing the small farmer research and extension education program. Later on I am going to offer an amendment on this, and I hope that the distinguished chairman will look upon it with not only sympathy but support.

Mr. President, let me move to a matter where I need some clarification.

The committee has provided $2,282 million for insured rural housing loans, with $510 million of this amount being provided for low-income new housing loans and $10 million for farm labor housing loans.

I would like to say to the distinguished manager of this bill, Senator MCGEE, that I hope that the bulk of these rural housing loans will be used for the purpose of building new homes. USDA, I understand, has this past year been discouraging new home loans in deference to loans for the repair and improvement of existing housing. While the latter purpose is an important one, it should not be handled, in my judgment, at the expense of loans for new houses, when the demand for such loans is so strong.

The committee has also provided $20 million for direct repair and improvement for low-income housing loans; $4 million is provided in the bill for self-help housing grants, $1 million less than I asked for.

In fiscal 1974, the USDA had authorization for $1.2 billion of section 502 new housing loans. Actually, only $704,900,000 was actually made available. This meant that over 20,000 rural families did not get homes that they could have applied for and that they needed.

Under section 504 the USDA made only $4,400,000 in rural rehabilitation home loans, while $10 million was authorized.

What I am pointing out here is that USDA has told many a farmer and rural resident "repair your old house rather than build a new one." They have discouraged these new housing loans, and even under the repair and rehabilitation program, they have used only about 40 percent of the funds authorized.

Mr. President, under the new housing loan program for last year, under section 502, out of $1.2 billion that had been authorized, only $704,900,000 was used.

I ask the chairman, is it the view of the chairman and his committee that the two items are separate and distinct; that the rehabilitation section should be considered on its own merit, and that new housing loans should be considered on their own merit and not to play one off against another?

Mr. MCGEE. That is precisely correct. The two have an entirely different target, a different purpose, and a different base. For them to be merged with each other or lost in the uncertainties, the one in the midst of the other one, would be to do sheer violence in principle to the intent of the money that was made available.

The Senator has put his finger on a very crucial point in all of this. We spelled that out, incidentally, very carefully when we had the Department of Agriculture people in front of us, in which they made the case, again, that they wanted to be sure and proceed toward rehabilitation, wherever that was possible.

They were not satisfied that they knew everything they ought to know on that one question. We agreed with them that a great deal more ought to be known, but it ought to be known both ways and it was no reason to hold up the rate at which new construction was undertaken. So we left it that we expected a follow-through without any delays. We were not going to wait for the supplemental, we were not going to wait for the new budget a year from now, but we intended to stay right on their neck to make sure that this was being lived up to.

Mr. HUMPHREY. Those are the loans made by the Farmers Home Administration?

Mr. MCGEE. That is correct.

Mr. HUMPHREY. Is it not a fact that those programs have been very successful and the repayment record has been excellent and lived up to meticulously by the borrowers?

Mr. MCGEE. It has been a very impeccable program in terms of its viability, its need, as well as the repayment provisions taken on by the various areas in which the loans were extended.

Mr. HUMPHREY. I want to thank the Senator and the chairman of the subcommittee.

Another item in the bill which attracted my interest was that section of the bill providing for water and sewer facility loans, rural industrial development loans, and rural community facility loans. The loan amounts provided for in this bill for these purposes, as I understand it, apply only to those loans made on an insured basis. Is that correct?

Mr. MCGEE. At the present time, yes.

Mr. HUMPHREY. On an insured basis?

Mr. MCGEE. That is right.

Mr. HUMPHREY. Specifically, I would like to establish here today that it is not the intention of the committee that these loan levels imply any limit on any guaranteed loans made for these purposes.

Mr. MCGEE. That is correct. We tried to make that clear to the department as well a year ago, thanks to the Senator's pressing on that very question. We do not intend to let those get mixed up with each other.

Mr. HUMPHREY. The guaranteed loans are from the private financial institutions with the government guarantee.

Mr. MCGEE. That is correct.

Mr. HUMPHREY. The insured loans are government made loans where the paper is sold back into the market.

Mr. MCGEE. That is right.

Mr. HUMPHREY. There is a difference. The loan levels that are expressed here in terms of insured loans are to be separate and distinct from the guaranteed loans?

Mr. MCGEE. The Senator is absolutely correct.

Mr. HUMPHREY. I want to thank the Senator very much for those two clarifications.

Also might I state at the appropriate time it is my intention to engage the distinguished Senator from Wyoming in a discussion on the matter of grants to rural communities, that is grants to help facilitate industrial development. I am the coauthor of the 1972 Rural Development Act. One of the most important features of that act is the assistance that we can give to rural communities to help facilitate industrial development.

I have an amendment at the desk which I will call up subsequently which

would provide an increase from $20 to $50 million. I realize that this is an increase, but I am prepared to make a modification of that request if the committee will accept it. I do think it is important that we look to the needs of the rural communities for this industrial development.

Another provision that I want to direct my attention to is the rural development research and extension education programs as authorized under title V of the Rural Development Act.

The amount in this bill before us is identical to last year which was totally inadequate then as again for this year. It is my judgment that it needs to be improved and strengthened.

I am prepared to discuss this with the committee at the appropriate time in more detail.

The committee has proposed that the following amounts be made available for water and sewer facility, rural industrial and rural community facility loans:

[In millions of dollars]

Water and sewer facility loans	470
Rural industrial development loans	400
Rural community facility loans	200

I had hoped that the committee would have provided at least $400 million for community facility loans rather than the $200 million included in this bill. Also, I would like to establish with the gentleman from Wyoming (Mr. McGEE), that the loan levels provided in this bill for rural individual and rural community facility loans apply only to those loans made on an "insured" basis.

Funds provided in the bill for conservation, forestry and rural environmental programs in fiscal year 1975 are as follows:

[In millions of dollars]

Soil Conservation Service operations	196.2
River basin surveys and investigations	14
Great Plains conservation programs	20
Agricultural conservation program	200
Forestry incentives program	10
Water bank program	10
Emergency conservation measures	10

Mr. President, I would now like to commend the distinguished Senator from Wyoming and the members of his subcommittee for an excellent job on the sections of this bill dealing with Federal food assistance. The subcommittee has been especially attentive to the needs of the Nation's children, who surely constitute one of our most valuable resources.

I am particularly pleased to note the committee's recommendations for additional funding for day care feeding, equipment assistance for schools, and supplemental feeding of pregnant and post partum women and young children. These programs serve an essential function; and are certainly cost effective over the long run in saving us money in later years that might otherwise have to be spent on welfare, medical assistance and unemployment benefits.

The committee has recommended an increase of $20 million in day care feeding which I requested of them earlier this year. This is greatly needed. USDA tells us that in fiscal year 1973, only 195,000 poor children were reached by this program. Yet HEW figures show that over 300,000 children of public assistance recipients were in day care in 1973, and nearly 700,000 children were enrolled in day care programs provided under the Social Security Act. Up to 1 million additional poor children are now attending day care centers as well. We must provide funds for States to reach at least a larger percentage of these children.

At present, States have been discouraging applications from day care centers, keeping reimbursement rates well below the level authorized by USDA, and providing little or no equipment aid to centers because of the insufficient funding level for this program. The committee has forthrightly faced this issue.

On the school lunch program, I have an amendment at the desk, which I do not now call up, but I want to make note of it, Amendment No. 1582. The committee bill provides for $34 million for equipment assistance for our schools. It is my judgment, after having served with the distinguished Senator from South Dakota (Senator McGOVERN) on the Select Committee on Nutrition, on matters relating to school lunch, there is a desperate need for this equipment allowance.

There are some 5,300,000 school children, including 2,000,000 poor children, who still attend schools with no school lunch program at all.

The principal reason, in some cases the only reason, is the lack of food service equipment.

The $40 million that I am suggesting is a very modest amount for this program. Congress has authorized the expenditure of $40 million in fiscal 1975. That authorization was made, as the Senator from South Dakota recalls, after considerable testimony and study in the Committee on Agriculture and Forestry.

In the area of equipment assistance to schools, the committee has proposed a level of $34 million, which is $5.9 million more than was spent last year, and $12 million more than the administration's request. This money is desperately needed, as USDA's own survey, requested by the Congress in 1972 and presented this March, so clearly illustrates. For this reason, I do not believe the $34 million level is adequate, and I believe the Congress should appropriate the full $40 million that has been authorized. Even the $40 million would be less than one-fourth of what the administration's own survey documents to be the need. I shall return to this matter, and offer an amendment, in a few minutes.

In the area of supplemental feeding, the committee has recommended an additional $2.8 million. This is a small but nonetheless critical item. USDA had originally planned to close over 80 supplemental programs across the country this year simply because the counties in which they are located were switching from the needy family commodity program to food stamps, in accordance with Public Law 93–86. All supplemental programs in areas already on food stamps—the majority of the programs—would have been allowed to remain open, however.

The Congress, led by the Senate and House Agriculture Committees, decided that such a policy made little sense. Public Law 93–437, agreed to by both Houses last month and signed within recent days, directs that supplemental feeding programs be continued, regardless of whether they are located in areas formerly in the needy family commodity program. The distinguished chairman of the House Agriculture Committee, Representative W. R. POAGE, told the House when presenting the conference report on this bill:

> The supplemental feeding program in fiscal 1974 was intended to provide free nutritious foodstuffs to a population of 137,000 pregnant and lactating low-income women and their infants and children below the age of five in some 200 project areas. The conferees expect that the Department of Agriculture will continue to donate commodities to these programs wherever they may be located and will not attempt to terminate them simply because the commodity distribution program to needy families will be phased out of all of the counties in which the supplemental feeding programs operate and will be replaced by food stamps during the course of the next few months in accordance with the mandate of Public Law 93–86, the Agriculture and Consumer Protection Act of 1973. The conferees further assume that, if the Department of Agriculture has announced the termination of such programs during 1974 or in fact closed them down, it will reopen them and provide them with necessary food stuffs in accordance with the provisions of this bill.

Consequently, it is imperative that the Congress provide the funds for the commodities to keep these 80 programs alive. These program, and a small number of other supplemental programs, also need a small amount of administrative funds to help defray the cost of shipping the commodities from State distributing points to the local programs, and of other necessary administrative costs. The committee has wisely provided these funds.

While I am speaking about this program, I would also like to call the Senate's attention to a directive sent in recent days to USDA regional administrators. The directive states that it will be USDA's policy in fiscal year 1975 to furnish commodities under this program "to those States who can receive commodities in carlot shipments." If USDA means by this that they will terminate deliveries to programs in States that are deemed to have an insufficient caseload to be able to receive "carlot shipments," then they should reread Public Law 93–347 and Mr. POAGE's comments. Such an interpretation would clearly violate this law, which extends all supplemental programs "wherever located," and instructs USDA not to terminate these programs.

This directive also indicates that USDA will restrict the types of commodities for schools and institutions, the items sent to schools and eliminating all nonsurplus foodstuffs from the items sent to institutions. I believe it was Congress intent in passing Public Law 93–347, however, that deliveries of the traditional commodities continue in these programs. I am placing this directive in the RECORD.

I would also like to briefly note that the committee reports lists funding for the new women, infants, and children feeding program, known as WIC, at $40.8 million. As the Senate knows, the actual funding level for this program for fiscal

year 1975 is $100 million plus any unspent fiscal year 1974 funds. Fortunately, there is no need for us to address this issue today, as section 17(b) of the National School Lunch Act, as recently amended by Public Law 93-326, has already resolved this issue. Section 17(b) now reads:

In order to carry out such program during the fiscal year ending June 30, 1975, there is authorized to be appropriated the sum of $100,000,000, but in the event such sum has not been appropriated for such purpose by August 1, 1974, the Secretary shall use $100,000,000 or, if any amount has been appropriated for such program, the difference, if any, between the amount directly appropriated for such purpose and $100,000,000, out of funds appropriated by Section 32 of the Act of August 24, 1935.

As a result, $100 million in funding, plus any unused fiscal year 1974 funds, has already been provided by the Congress, and will become available to USDA on August 1. USDA is then required, by the School Lunch Act, to actually use and spend this full amount in fiscal year 1975.

This issue is very clear although a few officials in USDA may be a bit confused about it. A letter from Edward J. Hekman, the administrator of USDA's Food and Nutrition Service, to Senator Jackson indicates that funding for the WIC program is presently coming from a continuing resolution, and that consequently requests for caseload increases are "contingent upon the availability of funds during fiscal year 1975." While Mr. Hekman may be correct that WIC funding comes from the continuing resolution during the month of July, Congress has already made at least $100 million available as of August 1, and has made it clear to the Department that $100 million and all unused funds from fiscal year 1974 must be expended during fiscal year 1975. There is consequently no reason why USDA should delay processing requests for expansion since USDA officials know that in 2 weeks, the funds will be there.

Mr. President, I ask unanimous consent that the letter from Mr. Hekman be placed at this point in the RECORD.

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

U.S. DEPARTMENT OF AGRICULTURE,
FOOD AND NUTRITION SERVICE,
Washington, D.C., July 8, 1974.

HON. HENRY J. JACKSON,
U.S. Senate.

DEAR SENATOR JACKSON: Secretary Butz has asked us to respond to your letter of June 25 in behalf of the Washington State Department of Social & Health Services' Special Supplemental Food Program (WIC).

We have received the budget and caseload request from the Washington State Department of Social & Health Services for Fiscal Year 1975, and are presently reviewing it. As you know, Congress has enacted legislation which authorizes the funding of the WIC Program for Fiscal Year 1975. However, the Congress has provided funds for the activities of this Department under a "Continuing Resolution" for only ninety days of the current fiscal year. We have approved funds for all WIC projects for the first quarter of this fiscal year based on their last approved caseload of Fiscal Year 1974. The approval of request for caseload and budget increases and for the opening of any new WIC projects will be contingent upon the availability of funds during Fiscal Year 1975.

We appreciate your interest.

Sincerely,

EDWARD J. HEKMAN,
Administrator.

Mr. HUMPHREY. I am hopeful that as we go along today, my dear and beloved friend from Wyoming, whose heart is as big and as kind as his mind is brilliant and comprehensive in its understanding, will say to the Senator from Minnesota, "I want to accept that amendment." Not only does he want to, but as I look at the distinguished Senator from Hawaii as well, I hope they will act in unison and say, "My goodness, how come we did not do it sooner?" But I will not complain about that. I am even prepared to have it come later.

In all seriousness, the proposal I make calls for a very modest increase in the total school lunch equipment allowance, which is meritorious. I hope the distinguished Senator will have some comment on that.

Mr. McGEE. As the manager of the bill, I would have some comment on that.

I am very flattered by the warm gestures of friendship and understanding and magnanimity that were extended toward the senior Senator from Wyoming, and I want to reciprocate.

I know of no man in this body who is more generous, more farseeing, and, above all else, more understanding of the real hotspot that a committee is on when it tries to arrive at a compromise. The Senator will recall that when he was a professor, as when I was a professor, he did not have to compromise. We were the boss. One of the first lessons we humbly learned when we arrived in this body was that we had to finally arrive at something for which we could get 51 votes. Therefore, we have long since, in humility, learned the importance of making intelligent but forward-looking and forward-plunging compromises.

When we faced the figure that the House gave us, which we thought did not take into account the statesmanship of the Senator from Minnesota, the House allowing only $22 million in that category, we then had to weigh what adjustment not only was possible but also was within the context of all the adjustments that we were being asked to make over a very broad spectrum among several hundred items in the agricultural appropriation bill.

We thought that because of the leadership of the distinguished Senator from Minnesota and the integrity that he has always exercised on the floor of the Senate, we would give him the benefit of the doubt, and we upped the figure from $22 million to $34 million, out of respect for his judgment. While it did not quite reach up to the $40 million he is asking for, it seemed to us that it did reflect, in an equitable way, our confidence in his judgment and his leadership in the program.

We were hopeful that in the interests of trying to protect, as a result, the many dozens of other areas where we had to make some modest adjustments over what was requested, the Senator would understand the committee's action in that particular line item.

Mr. HUMPHREY. Mr. President, I am most respectfully sympathetic to what the committee was facing in the matter of marking up a large appropriation bill. My comments should not ever be considered as critical but, rather, hopefully, as a constructive observation.

I noted that the State directors for the school lunch program reported a need of more than $73 million for equipment in fiscal 1974, and in that year the USDA spent only $28.1 million. This year, the USDA and the Office of Management and Budget have proposed a spending cutback of approximately $6 million to $22 million, for fiscal 1975.

I say most respectfully that anybody who can buy equipment this year at the same price they bought it for last year is the man everybody is looking for. You cannot buy Spearmint chewing gum this year for what you bought it for last year, much less buy school lunch equipment for the same price.

Here we have a situation in which, if the administration should gets its way, we are going to actually spend less than we spent a year ago, despite the growing needs.

I recognize that the $34 million figure in the committee's bill is indeed a constructive improvement, and it represents a considerable increase in the funding over what the other body has recommended.

My point is that if we delay purchasing this equipment, next year it is going to cost more.

For example, I was home this week and found that farm machinery—I think it was in June—went up 12 percent. They have now notified the distributors of farm machinery that it will go up another 9 percent in September. I can assure Senators that the prices that relate to farm machinery will relate to school lunch equipment, because much of it is metal and is highly technical equipment. So that if we delay, all we are doing is spending more a year from now.

But I want to say to my good friend from Wyoming that, while I praised him for being kind and considerate, now I would like to tell him to be tough and mean when he goes to conference. It is going to be hard for the Senator from Wyoming, because he is such a basically decent, generous, compassionate, and humane man.

The $22 million figure in the House bill would be a disaster for the school lunch program. The $40 million authorization is the result of the U.S. Department of Agriculture's own survey. Their own survey said that they needed at least that much for fiscal 1975.

As to the $34 million in the Senate bill, if we could hold that figure in conference, and if our esteemed colleagues in the other body would come along with us, and if the Senate conferees, when they sit down across that negotiating table, would hang tough, as we say, I think we could say that we have made a considerable improvement.

I want to ask this of the distinguished Senator from Wyoming: How does he think he is going to feel when he goes to conference? Will he get mean a little

and tough on this item and hold the $34 million now in the bill?

Mr. McGEE. I can be like mean Joe Green, if we borrow the vernacular from pro football, and for a reason.

Last year, we allowed $28 million in this. Even allowing for the inflationary factor, which is important, we believe that the $34 million does roll with that. For that reason, we think our case is fool-proof and that it is going to be the position on which we fight rather than yield. Our intention is to strive to hold this figure.

Mr. HUMPHREY. I say to the Senator from Wyoming—again complimenting him and his associates on the committee—that I know he will do everything in his power to hold this figure.

I have talked somewhat in jest about some matters here, but let me say that the school lunch program is very dear to us. It is perhaps one of the best investments our Government has ever made. When we know that there are more than 5 million students in this country who attend schools with no school lunch facilities, and we know that most of those schools are in very poor school districts—that is, economically poor—it seems to me that we are making a very wise investment by providing additional funding for school lunch equipment.

I will not offer the amendment on the basis of our colloquy. I know that we can come out of that conference with a figure of $34 million, and I hope it will be not less than $34 million. I will depend upon my esteemed colleague from Wyoming and my distinguished friend from Hawaii, who are companies and partners in this effort, to fight hard for the school lunch equipment funding.

Mr. FONG. Mr. President, I want to assure the distinguished Senator from Minnesota that we will do our very best to try to change onto the figure we have. This is what the Senate wants, and this is what we will fight for.

Mr. HUMPHREY. I thank the Senator very much.

Mr. McGEE. Did the Senator want to address himself any further to the rural development grant figure that he was speaking about a few moments ago? What does his program call for at this time?

Mr. HUMPHREY. I say to my good friend that I have always been of a mind that if one is patient and persistent, some progress is possible and available.

As the Senator knows, I have an amendment, listed as No. 1581, which would increase the funding very substantially for rural communities to help facilitate industrial development, knowing how important that matter is. I have talked privately with the Senator from Wyoming.

Incidentally, I want to say that the committee has been most considerate to us here in the Senate.

We have presented to the committee a number of suggestions, most of which the committee has already accepted and which are now in the bill. Others have been rejected, and in this instance I recognize that the committee has increased the funding over the House level, but if there is any area in which I feel a little competence as a Senator, it is in this area of rural development. It is very close to my heart and, as I said, I have been responsible, in part, along with the able and distinguished chairman of the Committee on Agriculture, Senator TALMADGE, for the passage of the Rural Development Act of 1972.

I take great pride in that effort.

I visited a number of the rural communities in the process of developing that legislation and the facilities for industrial development are absolutely essential for the modernization of many of these rural communities and the program of grants is greatly needed because it is the grants which get these programs off the ground.

I am going to ask the Senator once again if there is any way we could make some modest progress on this matter over and above what the committee has already authorized or recommended.

The PRESIDING OFFICER. The Chair will note that all of the time of the Senator from Wyoming has expired on the bill.

Mr. HUMPHREY. Mr. President, I offer my amendment.

Mr. McGEE. If the Senator will offer his amendment, I ask unanimous consent that our colloquy that has preceded be allocated to the amendment time.

Mr. HUMPHREY. Yes; I will do that.

Mr. McGEE. It would be difficult for the Senator from Wyoming to lapse into total silence.

Mr. HUMPHREY. It would be almost as difficult as having the Senator from Minnesota do it. I do not think we can take those two flows in 1 day.

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

Without objection, the amendment is in order.

The amendment is as follows:

AMENDMENT NO. 1581

On page 26, line 12, strike the figure $20,000,000" and insert in lieu thereof "$50,000,000."

Mr. McGEE. Now, if I may respond, what is the amendment time now that may be left over?

The PRESIDING OFFICER. Fifteen minutes to the side.

Mr. McGEE. I just asked unanimous consent that our colloquy will now be allocated to the amendment, and that would leave about 5 and 4 minutes.

The PRESIDING OFFICER. The Chair is advised the Senator has 7 minutes remaining.

Mr. HUMPHREY. That is more than enough.

Mr. McGEE. Yes.

I would say to my colleague that the Bureau of the Budget requested only $10 million on this. The House bought the Bureau of the Budget's $10 million figure. The Senator was requesting the substantial increase there, which we appreciate. We doubled the budget figure and the House figure in our recommendation, with every intention of saying to the House, as we are prepared to say in our preceding matter that we were having colloquy on, that, look, we ought to do more than this, but give them the kinds of ceilings that we are trying to operate under. We feel this is the very least that we owe the program and we intend to stand here. I would like to reemphasize that for the Senator from Minnesota, because he is rightfully concerned about the momentum in this rural development grant program.

We think by doubling it that we show good faith.

Mr. HUMPHREY. I say most respectfully that I recognize the good that the committee has already accomplished, but I am afraid when we get to conference on a matter like this, we will be lucky if we can come out with a split, and that is not nearly enough for these rural communities.

This is an anti-inflation type of amendment, Mr. President. Industrial development in these communities is the lifeblood for many of them, and while I recognize that it represents additional appropriations, when we think of rural America, with its millions of people, with the hundreds of thousands of towns and communities that are in desperate need of modernization, this is nothing but a small package of seed money to get things going.

I was up at Thief River Falls, Minn., just the other day, and I saw what can happen with an industrial park regarding industrial development. They have had a very modest amount of assistance from the Federal Government. They are on their way to building an industrial area and the taxes will be coming in, the income will be coming in, the payrolls are being developed. It is the sort of thing that makes such good sense and the $10 million in the administration request for this item was absolutely ridiculous. They just as well have gone out and sent somebody a package of biscuits. It would have done them as much good.

The $20 million in the Senate bill is, indeed, a substantial improvement.

The amount that I originally asked for in my amendment was $50 million. I happen to think that is a reasonable sum of money for a nationwide industrial development program for rural America.

Now, I think that we can make all kinds of comparisons about figures as to where we spend our other moneys and I am not going to burden the record with it. I know what the problem is for the committee. I understand that. They have a ceiling they want to live within, but my job as a Senator is to try to project what is the needs within the limits of the States I am privileged, in part, to represent, and what I think I know about rural America.

Rural America needs champions today and it has one in the Senator from Wyoming, it has one in the Senator from Hawaii, and other members on this committee. I know Senator YOUNG of North Dakota and others have worked so hard for rural areas, but the Government on many of these proposals comes in with such a small amount that even when the increases are made it is still inadequate.

For the Office of Management and Budget to come to the Congress with a request for $10 million in grants for rural America, for the development of in-

dustrial parks, and industrial community facilities, is really insulting.

Most rural communities have not and will not be able to get access to the various economic development programs provided for in this bill without additional grant assistance.

Their tax and local revenue basis in many instances is simply too small and the only purpose of the amendment I offer is one to trigger development, and in triggering that development we make money, not lose. We come closer to balancing the budget, not unbalancing it.

There is only one answer to inflation, Mr. President, and that is productivity. I guarantee that out in rural America they know how to work, there is a good labor force, there are competent engineers, and they are willing to go to work, but I have been in town after town and find they just do not have the facilities.

Therefore, I appeal so strongly for this amendment because I think it would expand employment in the rural areas which today suffer the highest rates of unemployment and underemployment. By expanding employment and relieving underemployment, in these areas we would lower the social costs involved.

Now, that is why I plead for this amendment. I hope that my distinguished chairman can see fit to at least accept in part what I am trying to do here.

I am prepared to be more than a reasonable man because I know the difficulties that this committee faces and I also know the difficulties that the budget faces, but, Mr. President, there are sometimes that we have to stand for what we believe, to a point even that we sometimes may cause our friends some discomfort.

I want to ask the chairman once again, Is it a solid rock decision that there can be no modification here whatsoever?

Mr. McGEE. Well, the committee's action, having doubled a request by the budget, and then equally significantly having doubled the recommendation from our colleagues in the House of Representatives on this one item, when we lay that item, important as it is, along side the dozens and dozens of major items in the agriculture bill that affect the rural development of America, I will just have to say in all candor to my colleague from Minnesota that lifting it out of that context alone probably makes it even more stark.

In arriving at the budget figure that we did, we upped a great many things. That is why they call us the upper body in this two-House arrangement in our form of government.

In the Rural Electrification Administration, as an illustration, we upped the request by $132 million On the REA telephone loans, we upped it by $60 million.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. McGEE. I yield myself—where do I have something?

The PRESIDING OFFICER (Mr. HELMS). The Senator has 23 minutes remaining on the bill.

Mr. McGEE. Let me borrow from the other side of the aisle 3 minutes.

Mr. LONG. Mr. President, I yield the Senator 3 minutes.

Mr. McGEE. That is, under these loan programs, I am reciting here.

Mr. HUMPHREY. Under the guarantees.

Mr. McGEE. But the REA was upped $132 million over their request and the recommendation, and the REA telephone upped $60 million, because it is desperately important. The Senator from Minnesota was one of the original architects of all of those programs.

The insured home loans, up $60 million. Insured real estate loans, farm ownership loans, we upped $50 million. Water and sewer facility loans, we upped them $70 million.

We also approved a budget estimate of $200 million for community facility loans, which is a fourfold increase over a year ago. And finally, we joined with our brethren on the House side in providing for $225 million for the Farmers Home program for water and sewer grants, for which there was no budget estimate. But they have been freezing some of these funds in HUD downtown, and we thought it was too bad to see that frozen state, and therefore we simply proposed that they take this $225 million and put it in where it can go to work right now.

It is in that context of looking at rural development—all of this is rural development—that we thought doubling both the budget figure and the House recommendation was, indeed, a very strong endorsing move by the committee.

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

Mr. McGEE. So the Senate is not standing on a rock, we are standing high above all of the recommendations in seeking to do something for rural America, but in the context of the others it would seem to this Senator, at least, that to go farther than doubling that figure would place it out of context with all of the matters that we were seeking to cope with in the rural American development program.

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

Mr. McGEE. I yield to my colleague from Hawaii.

Mr. FONG. I want to say also that we added three-quarters of a billion dollars this year for the Commodity Credit program, and there is another billion dollars for the food stamp program, which will also help agriculture. In this light, I believe we have done a lot for rural America.

Mr. HUMPHREY. Mr. President, I know the good work the committee has done, but let me say that the one area of the economy today that is helping the country more than any other is agriculture. Without American agriculture, this country would be as insolvent as Italy. The American producer is paying the oil bill through the exports of farm products so that we can all go around in our automobiles at better than 55 miles an hour, as I noticed this weekend as I traveled.

So I am not worried that we are overappropriating for American agriculture or rural America. We are not subsidizing the farmers any more. They have been subsidizing us for the last 30 years with cheap food. I hope that will go in the RECORD a thousand times, that the American farmers have been subsidizing us year after year, decade after decade, with hard work and little return, as everybody knows. Now there is complaint because, while farm prices have gone down, retail prices have stayed up; but that is another matter.

I happen to believe that this rural development program really yields positive dividends. I realize that this $20 million is much better than we have had.

Mr. President, I reserve the right, on this amendment, to hold it back to see whether or not I want a rollcall vote, for later decision.

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

Mr. HUMPHREY. I guess our time has expired. I will be checking with the ranking minority member and the chairman, in the hope that, with both the power of persuasion and prayer, we can work it out.

Mr. McGEE. Mr. President, we have another amendment pending which would be in order at this time, is that correct?

The PRESIDING OFFICER. The Senator is correct. Does the Senator ask unanimous consent that the Humphrey amendment be put aside?

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the amendment be set aside. The time has all expired, as I understand.

The PRESIDING OFFICER. That is correct.

Mr. HUMPHREY. Reserving the right to either ask for the yeas and nays or a voice vote, or to withdraw it.

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

Mr. HUGHES. Mr. President, I am troubled by one section of this bill, the one relating to Public Law 480

The PRESIDING OFFICER. Will the Senator suspend?

Who yields time, or does he wish to call up his amendment?

Mr. HUGHES. Mr. President, I have an amendment which I shall send to the desk. I ask the Chairman not to make a point of order if I call it up until such time as I make my statement.

Mr. McGEE. If the Senator will yield for 15 seconds, let me say I have no intention of making a point of order on it because of the real substance in the proposal. I may have something to say on it, but it will not be in the form of a point of order.

Mr. HUGHES. I thank the distinguished Senator.

The PRESIDING OFFICER. The amendment will be stated

The second assistant legislative clerk read as follows:

On page 20, line 22, after the word "amount" insert ", and of any amount repaid during the current fiscal year in connection with sales made under title I of such Act,".

Mr. HUGHES. Mr. President, I am troubled by the section of this bill relating to Public Law 480. The Agriculture Committee accepted a provision adopted by the House of Representatives which

sought to limit the amount of credit sales under title I to no more than 10 percent to any one country. This floor amendment was made in order to end the distortion of this program caused by funneling so much of our food aid to South Vietnam and Cambodia.

When the original estimates were presented to Congress in the spring of 1973, Cambodia was scheduled to receive 3.6 percent of title I commodities, and Vietnam was to get slightly over 20 percent.

By the end of the fiscal year, however, the programs in those countries had soared. Cambodia wound up receiving 26 percent of title I expenditures, and Vietnam a whopping 38 percent. In other words, nearly two-thirds of our commodity credit sales went to those two nations.

While I do not question the need for humanitarian assistance to help the victims of continuing conflict in Indochina, I think that the evident need for foodstuffs in other parts of the world deserves greater U.S. assistance.

It is particularly disturbing to me that such sales generated local currencies which were in turn reused by the local governments for military purposes. It was to end this perversion of the food for peace program into food for war that the Congress enacted a modified version of the amendment originally proposed by the distinguished Senator from Minnesota (Mr. HUMPHREY) and me to require congressional approval of all future agreements permitting funds for military purposes.

That amendment took effect on July 1 of this year. Even so, it is clear that continued massive food aid to Indochina permits a diversion of resources into the military budget, and thus helps to prolong the deadly fighting in that region.

I believe that food aid should be only for peaceful purposes, and that it should be directed to the areas of greatest need—and not as a substitute for economic or military assistance which the Congress has been unwilling to grant.

The intent of the amendment by Congressman JOHNSON of Colorado was to prevent the very kind of distortion in the food for peace program which we have witnessed in recent years. It would limit the program to no more than 10 percent for any one country. This restriction would apply only to credit sales, and not to grants for disaster relief and other humanitarian purposes under title II of Public Law 480.

Unfortunately, Mr. President, the Johnson amendment as drafted, and as accepted by the Senate Agriculture Committee, applies only to the $425 million of newly appropriated funds.

Yet the total title I program in fiscal year 1975 is estimated to be $717 million, because of the availability of about $300 million in repayments for credit sales in past years.

If this provision stands as is, the 10-percent restriction will apply only to the $425 million, and the administration will have a blank check to use any or all of the repayment money for one or two countries.

In fact, the original estimate for fiscal year 1975 was for Cambodia to receive slightly over 10 percent of title I funds, and Vietnam to get over 22 percent. But as we have seen from past years, these estimates may have no relation to the actual programs carried out.

Mr. President, I want to close this loophole. I do not think that one-third of our food aid should be going to Indochina when there is so much need, so many hungry people, in other countries. I believe that the 10-percent limit should apply to the entire title I program and not simply to the newly appropriated funds.

I do not suggest 10 percent as an immutable rule, however. If the administration can demonstrate a case for a specific exception to deal with an emergency, then I believe that the Congress should be willing, speedily, to consider and grant that exception.

But for planning purposes, our officials should have to balance the whole world's food needs.

Mr. President, in order to close the loophole in the existing bill, I send to the desk an amendment which would modify the 10 percent proviso by extending it to program funds made available by repayments as well as those newly appropriated.

It would restrict Public Law 480, title I credit sales to no more than 10 percent for any one country. The committee bill applies this restriction only to the $425 million in the newly appropriated funds, ignoring approximately $300 million in repayments.

It would not affect disaster relief and humanitarian grants under title II. It would require a slight reduction in the planned $77 million for Cambodia, and it would cut the planned Vietnam program by $90 mllion to a maximum of $71 million.

Mr. President, I think this application should be across the board, and it is for that reason that I have presented this amendment,

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, I yield myself—do I have 15 minutes on this one?

The PRESIDING OFFICER. That is correct.

Mr. McGEE. Mr. President, I want to say to the distinguished Senator from Iowa (Mr. HUGHES) that the substantive proposal he has in mind is both very significant and understandable, especially in these times.

What I want to interject is that the subcommittee's reason for opposing his amendment has to do with all of the grounds that we covered to arrive at a compromise agreement, a compromise which I feel honor bound to live up to. That is, that while the request was for an open end, no restriction, on where any specific amount of the Public Law 480 funds might be spent, the prospect in the committee's deliberations for limiting that to 10 percent to any one country was followed almost at once by a proposal that we impose the 10-percent limitation on other related programs that also affect these areas, as the Senator has just alluded to. So in an attempt to find some common ground for a possible compromise rather than the stark extreme in either direction in which we would battle out the possibility of wiping out any reference to 10 percent, it that were the disposition of this body, or that we would wipe out everything in the related programs, in the funds that might be available under related programs, we did succeed in arriving at a basic compromise.

That compromise was that those who oppose restrictions of this sort agreed to accept the 10-percent breakthrough by agreement and consensus on the Public Law 480 funds being limited in the expenditure to any one country, 10 percent; but that for this year, in this fiscal year, that we are now weighing here, we would leave untouched or unstrictured the other related funds, and that is the guts of the compromise.

In that way each of the extremes under dispute was accorded a basic new position, and an element of their insistence in the argument and, for that reason, the committee would feel required to stand by the agreement that was meticulously worked out during the committee's deliberations.

May I say, that all sides were eloquently and effectively represented. I think it is a good compromise and a reasonable compromise, especially this year. So, for that reason, I would propose, whenever the Senator is ready timewise and whenever we yield back our time, to move to table his amendment.

The PRESIDING OFFICER. Who yields time?

Mr. FONG. I yield myself whatever time is needed.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. FONG. Mr. President, the provision in this bill was arrived at by compromise between those who were for the amendment, as passed by the House, and those who were against the amendment as passed by the House.

In arriving at this compromise we realized there were other funds to which the 10 percent limitation will not apply.

Since fiscal year 1964, countries receiving more than 10 percent of appropriated title I funds, in addition to Vietnam and Cambodia, include India, Pakistan, Egypt, Israel, Turkey, and Indonesia.

Foremost among these is the level of assistance for India which exceeded 10 percent each year from fiscal year 1964 to fiscal year 1972.

Should the precarious food balance in Asia tip toward famine this year, the emergency need for food will again exceed a 10 percent level.

The rise in title I programing for Vietnam and Cambodia from $186 million in fiscal year 1973 to an estimated $498 million in fiscal 1974 was not an attempt at backdoor financing of military expenditures, but was caused by two exceptional conditions. One of these was the record world commodity prices which rose from $150 per metric ton in 1972 to $519 in 1974.

Also there was a severe disruption of the Cambodian economy evidenced by the presence of 1 million refugees at present.

In the case of Vietnam, the dollar value of Public Law 480 assistance increased while the quantity of commodi-

ties declined from 1972 to 1973 and again in 1974.

Objections to Public Law 480 were raised and the 10 percent limitation was included in the House bill because they said that military assistance was provided through this program. Actually this is legislation in an appropriation bill, and the place to have this provision is not in this bill, but rather an authorization bill.

Let me say that section 40 of the Foreign Assistance Act of 1973 specifically prohibits continued expenditure of counterpart currency for common defense purposes unless authorized by law. So here we have a provision already barring us from using counterpart funds for military purposes. The State Department and U.S. AID are complying with this prohibition and have ceased such use of counterpart funds.

Of course, we know South Vietnam and Cambodia have war economies.

So any economic aid directly or indirectly increases their military capacity. With the section 40 provisions, however, direct expenditures for military purposes are prohibited and no longer may be applied against the loans granted these countries.

It must be noted that the food commodities provided through title I do feed the needy people of those countries, and should these shipments cease, people, especially in Cambodia, would go hungry, if not starve.

I want to say in the years 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971 and 1972, India got more than 10 percent of the title I funds.

Pakistan in 1968, in 1969, 1970, 1971, 1973 and 1974 got more than 10 percent.

Israel in 1969, 1970, 1971, 1973 and 1974 got more than 10 percent.

Korea in 1969, 1970, 1971, 1972, and 1973 got more than 10 percent.

Vietnam, under the heavy burden of war, got more than 10 percent in 1967, 1969, 1970, 1971, 1972, 1973, and 1974.

Cambodia got more than 10 percent in 1974.

Indonesia got more than 10 percent in 1969, 1970, 1971, 1972, and 1973.

Bangladesh got more than 10 percent in 1974.

This amendment, if passed, would restrict very severely what we could do to help these people who really need foodstuffs. We need to give some flexibility to the administration in working out this program. This provision which they have left in the bill which came from the House has been debated by those who are against it and by those who are for it. It came out as a compromise. We feel that this is a workable compromise and should be kept in this bill, and not be further amended.

The PRESIDING OFFICER. Who yields time?

Mr. HUGHES. Mr. President, I yield myself whatever time I may need for a conclusion.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HUGHES. Mr. President, it is not my intention to make a long statement on this amendment. I would like to point out, in sur rebuttal, that the only countries affected by this 10 percent restriction are Vietnam, Korea, Indonesia—all countries with which we have strong military ties. There are no sales to India in this bill. If there are real emergencies we can always grant title II commodities.

Mr. President, I understand that the art of legislating is the art of compromise. In talking to the distinguished chairman of the subcommittee, I learned of the compromise efforts made to preserve in this bill a 10-percent restriction on the $425 million. I want to compliment the chairman and the subcommittee for having achieved this legislation, which I think is a very significant step in the right direction.

It is simply the feeling of the Senator from Iowa that a vote ought to be had on this matter as quickly as we can on the floor of the Senate.

I have no intention of delaying the vote on the matter, or belaboring the debate.

I am happy with the efforts of the chairman at compromise, recognizing this can be a major step in the right direction and probably would be upheld in conference with the House. I am pleased with all they have done, but it is simply a personal desire that the Senate should have an opportunity to vote if they desire.

I do not make this argument out of an act of displeasure, but simply to have the Senate vote, if they so desire.

I also appreciate the Senator's parliamentary step in relation to the question, but as a friendly gesture, and not an offensive gesture, Mr. President, I would propound a parliamentary inquiry in relationship to this amendment.

I believe the chairman already asked unanimous consent for the yeas and nays, for an up-and-down vote?

The PRESIDING OFFICER. That is correct.

Mr. HUGHES. The procedure presently on a tabling motion, then, would be what?

The PRESIDING OFFICER. If a motion to table were made, the yeas and nays could be requested on that.

Mr. HUGHES. Pardon?

The PRESIDING OFFICER. If a motion to table were made, the yeas and nays of course could be requested on that.

Mr. HUGHES. The tabling motion would take precedence over the already ordered yeas and nays on an up-and-down vote?

The PRESIDING OFFICER. That is correct.

Mr. HUGHES. I would like to request——

Mr. McGEE. Would the Senator yield?

There would still have to be an additional request on the yeas and nays on tabling?

The PRESIDING OFFICER. That is correct.

Mr. HUGHES. Mr. President, I would like to assert myself ahead of time. There is not a sufficient number of Senators in the Chamber. I would like to ask for the yeas and nays on the tabling motion to be made which, I understand, according to the previous agreement, would follow back to back with other votes that will begin at 3:30 p.m. Is that correct?

The PRESIDING OFFICER. Does the Senator ask unanimous consent that it be in order to ask for the yeas and nays on the motion to table in the event the motion is made?

Mr. HUGHES. If that is what the Senator from Iowa has to do, yes, that is what I request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator may now ask for the yeas and nays.

Mr. HUGHES. I assume the tabling motion has to be made first, does it not?

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

Mr. HUGHES. I yield.

Mr. McGEE. I thought the unanimous consent was that the Senator might ask for the yeas and nays on a tabling motion, if made.

The PRESIDING OFFICER. The Senator is correct.

Mr. McGEE. And that was granted. Therefore, it would be in order. Would the Senator like to ask for it now? I will ask for it.

Mr. HUGHES. Mr. President, ask for the yeas and nays on the tabling motion. if it is made.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second. The yeas and nays are not ordered.

Mr. McCLELLAN. Mr. President, this amendment in effect says that because its proponents do not like the present government of Cambodia and South Vietnam, that they are perfectly willing for the citizens of those countries to starve. This amendment, of course, does not mention these countries but we all know that their citizens are the ones who will suffer if this amendment is adopted and enacted into law. Of course, this amendment is not limited to these two countries, although I believe it to be specifically aimed at them. In fact, it is proposed to place the United States in a situation whereby it cannot aid the starving citizens of a country if an agricultural disaster occurs of the magnitude to require food shipments in excess of 10 percent of the funds available under title I of the Public Law 480 program. Indonesia and Korea will possibly be affected in fiscal year 1975 as well as Cambodia and South Vietnam.

Mr. President, a number of countries are faced with a threat of famine. I do not believe that we should unduly limit our authority and flexibility to provide humanitarian assistance where we have the capacity and there are those who are, or will be, in dire need of our surplus food. It is also possible that should another drought such as occurred in the 1930's strike the United States, that we could be in need of food imports. I do not like for this country to be on record in favor of unnecessary limitations on food shipments to other countries which are in dire need. I believe that the sponsor has not fully thought out the ramifications and consequences of the language that he proposes, for I know that

he does not lack the basic humanitarianism which appears to be absent in his amendment.

In addition, all Senators who serve large agricultural populations know that there are times when we do have surplus foods which, if they are not disposed of on the world market, adversely affect the economic livelihood of those who grow the foods that could not be shipped under this amendment.

Mr. President, I urge the Members of this body to reject this amendment, and thus indicate that we are not lacking in humanitarianism; that we are not willing to turn our backs on the farmers of America; that we have no intention of either purposely or inadvertently disrupting further our agricultural economy. I hope the amendment will be rejected.

Mr. EAGLETON. Mr. President, I wish to express my support of the Hughes amendment broadening the coverage of the committee provision limiting title I food for peace expenditures to 10 percent for any one country. In my opinion, it was the clear intent of the House and the Agriculture Subcommittee, of which I am a member, to limit the expenditure of all title I money so that the distribution of this important humanitarian assistance program would be evenly divided among the most needy countries.

As has already been mentioned here today, the administration, although advising Congress last year that only $176 million in title I money would be expended for South Vietnam and $30.9 million for Cambodia, in fact spent $309 million in South Vietnam and $194 million in Cambodia. Those two nations, therefore, received over 50 percent of all title I money.

The House language adopted by the committee, however, does not place the 10 percent limitation on almost $300 million received in Public Law 480 repayments. If this loophole is not closed, the entire $300 million could be expended in any one country, despite the 10 percent limitation on newly appropriated money.

I am pleased, therefore, that the Senator from Iowa (Mr. HUGHES) has put forth language which will close this loophole. If Senator HUGHES' amendment is adopted no one country will receive more than 10 percent of the total of title I money, or $71.7 million.

Mr. President, the pressures of inflation require this Congress to take a number of actions to carefully control executive branch expenditures. The food for Peace program has been misused in recent years to provide backdoor funding for military purposes in Southeast Asia while other countries which have experienced more serious starvation problems have gone without. This amendment represents an important part of Congress overall effort to reassert control over the Federal budget; I urge its adoption; I shall vote "No" on the motion to table.

Mr. McGEE. Mr. President, I ask unanimous consent that I might proceed for the moment to a colloquy with the Senator from Maryland (Mr. BEALL) on another matter, not involving this question, without any penalty on this particular matter. Then we would seek to get a sufficient number of Senators in the Chamber to authorize the yeas and nays on a potential tabling motion, which I have no intention of abandoning, if the Senator has no intention of abandoning the amendment.

I think we are both on firm positions there.

Mr. HUGHES. The Senator is correct.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, will the Senator yield for a brief unanimous-consent request?

Mr. McGEE. I yield.

Mr. MUSKIE. Mr. President, I ask unanimous consent that Karl Braithwaite of the staff of the Committee on Public Works be allowed the privilege of the floor during all debate and votes on H.R. 15472.

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

Mr. BEALL. Mr. President, will the Senator yield to me for 5 minutes?

Mr. McGEE. I will have to find time to yield since we have run out of time on the bill. Does the Senator from Hawaii have time remaining?

Mr. FONG. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Chair is advised that both Senators have some time remaining.

Mr. McGEE. I have only 3 minutes remaining. That is why I was begging for some other allocation.

The PRESIDING OFFICER. The Senator from Hawaii has 41 minutes remaining.

Mr. FONG. Mr. President, how much time does the Senator request?

Mr. BEALL. Three minutes.

Mr. FONG. Mr. President, I yield 3 minutes to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. BEALL. Mr. President, on June 19, 1974, the Senate debated and passed H.R. 11105, amendments to the Older Americans Act. During that debate I offered an amendment adding two new subsections to section 707 which were designed to achieve two basic objectives. First, it would require that the U.S. Department of Agriculture, through its food commodity program, would establish a specific level of assistance for programs authorized under title VII. In this case, commodities equal to 10 cents per meal would be provided. This language parallels that of the existing school lunch program and the base amount will be adjusted to reflect changes in the Consumer Price Index on food. Second, because of previous difficulties which have been encountered with USDA regulations, my amendment specified that the Secretary of Agriculture, in cooperation with the Commission on Aging, must issue regulations governing the donation of such commodities within 90 days following the enactment of that legislation.

Mr. President, the House of Representatives approved my amendment on June 26, 1974 and the Senate completed the legislative process the following day. After this legislation was transmitted to the White House, I wrote to the President urging him to sign it into law. In my letter, I pointed out that—

This legislation contains an amendment I offered coordinating the U.S.D.A. Commodity Program with the existing Title VII programs. The concept of comprehensive delivery of services has been an important objective of your administration, and one that I fully support.

President Nixon signed H.R. 11105 into law on July 12, 1974.

Mr. President, I ask unanimous consent that section 707 of Public Law 93–29, as amended by Public Law 93–351, be printed in the RECORD.

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

"SEC. 707. (a) Agricultural commodities and products purchased by the Secretary of Agriculture under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) may be donated to a recipient of a grant or contract to be used for providing nutritional services in accordance with the provisions of this title.

"(b) The Commodity Credit Corporation may dispose of food commodities under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) by donating them to a recipient of a grant or contract to be used for providing nutritional services in accordance with the provisions of this title.

"(c) Dairy products purchased by the Secretary of Agriculture under section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a–1) may be used to meet the requirements of programs providing nutritional services in accordance with the provisions of this title."

"(d) In donating commodities pursuant to this section, the Secretary of Agriculture shall maintain an annually programed level of assistance of not less than 10 cents per meal: *Provided*, That this amount shall be adjusted on an annual basis each fiscal year after June 30, 1975, to reflect changes in the series for food away from the home of the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor. Such adjustment shall be computed to the nearest one-fourth cent. Among the commodities delivered under this section, the Secretary shall give special emphasis to high protein foods, meats, and meat alternates. The Secretary of Agriculture in consultation with the Commissioner, is authorized to prescribe the terms and conditions respecting the donating of commodities pursuant to this section, and, within ninety days after the date of enactment of this subsection (d), the Secretary of Agriculture shall issue regulations governing the donation of such commodities.

"(e) The Secretary of Agriculture in consultation with the Commissioner shall, within ninety days after the date of enactment of this subsection, issue regulations clarifying the use of food stamps under this title.".

Mr. BEALL. Mr. President, section 707 of the Older Americans Act authorizes the Secretary of Agriculture to provide commodities and products under the provisions of section 32 of the act of August 24, 1935 (7 U.S.C. 612c). H.R. 14572 does not contain a specific appropriation for funding the section 32 program. It is my understanding that funds for this program are drawn from a quasi-trust fund arrangement involving customs duties and I have been assured that the mandatory language used in my amendment which is now section 5 of Public Law 93–351 is sufficient to insure

USDA's participation in this program at the authorized level. As a point of clarification the title VII programs are currently providing slightly over 200,000 meals per day—5 days a week—or 52 million meals per year. This would translate into a commodity commitment on the part of the USDA of approximately $5.2 million.

Mr. President, the President's fiscal year 1975 budget requests $99.6 million for title VII which is identical to the amount of money that was obligated in fiscal years 1973 and 1974. Since the authorization levels increased significantly under the provisions of Public Law 93–351 I have compiled some data which would show the number of meals per day and the USDA commodity contribution if title VII was fully funded. If full funding is achieved in fiscal year 1975—$150 million—it is estimated that between 275,000 and 319,000 meals could be served per day—5 days a week. Working from these estimates the USDA commitment could range from about $7.15 to $8.3 million.

My question to the distinguished chairman and/or ranking minority member of the Appropriation Committee's Subcommittee on Agriculture, Environmental, and Consumer protection is simply this, am I correct in assuming that sufficient funds are available under section 32 to fully and completely implement the provisions contained in section 5 of Public Law 93–351?

Mr. McGEE. It is my understanding that there are sufficient funds now in view of the action that this body took earlier this afternoon. We had additional section 32 funds made available, $100 million made available. Under the amendment that we added to the bill earlier today, there will be funds sufficient to meet the mandates of the program. The Department will probably have to request, early in the fall, a supplemental appropriation to meet any further demand. However, the current, ongoing demands can be met under the funds that we made available today.

Mr. FONG. Will the gentleman yield?

Mr. McGEE. I will be glad to yield.

Mr. FONG. We reduced the transfers from section 32 funds by $100 million this morning. Therefore, those funds are available.

Mr. BEALL. So it is the Senator's opinion that there will be money available to provide the payments called for in this particular section?

Mr. McGEE. Would the Senator restate the first part of his inquiry?

Mr. BEALL. I reiterate that it is my understanding that there will be funds available.

Mr. McGEE. $100 million is guaranteed. It will not go on forever. That is why the supplemental will be required.

Mr. BEALL. But as of now, it will be enough to meet the requirement?

Mr. McGEE. As of now, yes.

Mr. BEALL. I thank the ranking member of the subcommittee for that assurance.

Mr. McGEE. Mr. President, we wanted the yeas and nays for the Senator from Iowa on the proposed motion to table. We have a unanimous-consent agreement to get the yeas and the nays on that basis. I call for them at this time.

The PRESIDING OFFICER. Is there a sufficient second?

There is not a sufficient second.

Mr. McGEE. Mr. President, I suggest the absence of a quorum, the time not to be taken from either side.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McGEE. Mr. President, I ask for the yeas and nays on the proposed——

The PRESIDING OFFICER. There is a quorum call in progress.

Mr. McGEE. 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. McGEE. Mr. President, I now call for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

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

Mr. McGEE. I yield to the Senator from Alaska.

Mr. STEVENS. Mr. President, I have an amendment which I believe the committee will accept.

Mr. McGEE. Mr. President, it is a language amendment that the committee can accept without debate.

The PRESIDING OFFICER. Is the Chair being asked to rule that the Hughes amendment be set aside temporarily?

Mr. STEVENS. I ask that the Hughes amendment be set aside temporarily and we proceed to the consideration of my amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered. The clerk will read the amendment.

The assistant legislative clerk read the amendment as follows:

On page 45, line 22, insert the following: after the figure "$2,500" add the words "however the limit for an individual participant in the State of Alaska shall be $3,500."

Mr. STEVENS. Mr. President, I yield myself such time as I may need. I have discussed this amendment with the committee and with the ranking minority member.

Mr. President, today I am offering an amendment to the 1975 agriculture appropriations bill that would raise the maximum cost-share limitation under the RECP for practices in Alaska to $3,500. I view this as necessary in light of the higher costs to conduct conservation practices in Alaska.

Currently, farmers in my State are paying $280 a ton for fertilizer. A ton of fertilizer will fertilize approximately 5 acres of land in Alaska. I mention this because the most utilized RECP practice in Alaska is grass seeding, which in most areas of the State requires the use of fertilizer.

Under the grass seeding practice, the State committee can provide 75 percent of the cost. In Alaska, grass seeding costs an average of $132 per acre. The State committee can cost-share 75 percent of this amount or $99. At a cost-share of $99 per acre, the Alaskan farmer can only seed 25 acres per year because of the $2,500 limitation. With an additional $1,000 he could seed 35 acres, or 40 percent more land each year.

The second most utilized conservation practice in Alaska is improving rural land resources, which constitutes land clearing and preparation for farming. This is a special practice so State committee assistance can only be provided at 50 percent of the cost. Currently it costs the Alaskan farmer $150 to clear 1 acre of land for farming. This figure does not really reflect the true cost, as most farmers in the State currently use equipment provided by the University of Alaska at a cost of $23 per hour. The university has limited equipment so this in term greatly restricts the amount of land that can be cleared at the cost of $150 per acre. If the farmer uses equipment rented from other sources, he will pay as much as $200 per hour rent.

Under the State committee assistance, the Alaskan farmer can now receive $75 per acre for improving rural land resources. Under the $2,500 limitation, this would enable the farmer to clear 33 acres of land utilizing equipment rented from the University of Alaska. The additional $1,000 would allow him to clear approximately 47 acres.

This is an important practice in Alaska because so much agriculture land remains to be cleared. RECP assistance is necessary not only because of the high cost of clearing land in Alaska, but also to assure that this land is cleared in an environmentally acceptable manner.

Ultimately, I would hope the Congress would remove the limitation on the amount available to the farmer for conservation practice. This limitation in no way reflects present costs in Alaska, or for that matter, the other 49 States.

The initial impact of the Trans-Alaska pipeline on the RECP program in Alaska has been quite severe, and is going to become more excessive in the future. The recommendations of the State committee to me were that the $2,500 maximum cost-share limitation be removed and the group in Alaska was unanimous in the opinion that where the conservation needs exist they cannot be met within the present limiting factor of the $2,500 limitation.

They recommend that if it is not deleted, this amount be raised to a more realistic amount.

I had originally intended to ask for a higher level, but the committee has indicated to me they are willing to accept a modest increase of $500 limitation for Alaska for the coming year. I am grateful to them for their consideration. I have modified my amendment to increase the limitation in Alaska to $3,000.

I am prepared to yield back the remainder of my time whenever the committee is ready to yield back its time.

The PRESIDING OFFICER. Does the Senator from Wyoming yield back his time?

Mr. McGEE. I yield back the remainder of my time.

Mr. FONG. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

The PRESIDING OFFICER. Who yields time?

Mr. FONG. I yield 5 minutes to the Senator from Maine.

Mr. MUSKIE. Mr. President, I want to take this opportunity to compliment the Senate Appropriations Subcommittee on Agriculture, Environmental, and Consumer Protection. The members have produced a bill which shows once again that they are more sensitive to the environmental needs of the Nation than is the President and Office of Management and Budget.

Senator McGEE has long been a leader in environmental concerns, and his contribution is once again apparent. This, of course, could not be done without the assistance and support of the ranking Republican of the subcommittee, Senator FONG. They and the members of their subcommittee deserve great credit for the work they have done.

The Clean Air Act and the Federal Water Pollution Control Act represent very significant attempts to achieve and maintain environmental quality in this Nation. They are regulatory statutes. They are accompanied by criminal sanctions. There is no disagreement that they have significant impact.

Senator John Sherman Cooper, then ranking member of the Committee on Public Works, observed on the Senate passage of the Clean Air Act:

> I would go further to say that it may have a larger impact upon the social and economic life and health of this nation than any bill I have observed during my service in the Senate.

The Water Pollution Control Act was no less significant. As important as are these two bills, and the activities they are designed to support, we nevertheless continue to witness short funding on the part of the executive branch and the appropriation process of the Congress. This inadequate funding has seriously impaired the effectiveness of these two laws.

The needs of the Nation in environmental matters are great. Over the last few years Congress has substantially increased the environmental programs of the Federal Government. This has been based on the public outcry against environmental degradation and insistence upon actions that protect the environment from damage. The new laws we have enacted increase the responsibilities of the Federal Government, State government, and local governments. In order to match the commitments we have made, adequate funds to carry out the mandates of these laws are essential.

Within the limits of our present budgetary system, Senator McGEE's subcommittee has produced important increases in funding for essential activities of the Environmental Protection Agency. But in a different context—the context of what is really needed to do the job, not what is feasible within the President's restricted budget—in that context, the bill before us is still inadequate.

The President has never based his requests on the actual needs of the Clean Air Act, the Federal Water Pollution Control Act, and other environmental laws. He has simply doled out small amounts of funds to keep these laws from starvation. That must be changed, and it is my hope that the newly enacted congressional budget reform procedure will go a great distance in upgrading this process.

Senator McGEE and his subcommittee of the Senate Appropriations Committee have worked with me, my subcommittee, and staff to coordinate the yearly appropriations for EPA with the basic authorizations. I applaud Senator McGEE for this activity. And I do so in the context of very serious questions raised in the report of the House Appropriations Committee.

I would like to comment on some of the language contained in the House appropriations report. I believe it seriously misconstrues the intent of environmental laws that have been enacted by Congress, and distorts the roles assigned to standing legislative committees under the rules of both Houses.

Specifically, Mr. President, I would like to draw the attention of the Senate to language in the House report. I will seek the views of Senator McGEE on this language.

On page 14 of the House Report 93–1120, the House committee directs the Environmental Protection Agency to submit to the House Committee on Appropriations a report on the environmental quality standards established under the Clean Air Act and the Federal Water Pollution Control Act. The report is requested so that the Committee on Appropriations can, in its words—

> Determine whether or not funds should be appropriated to implement these laws and/or regulations.

Mr. President, that represents a serious attack on the character of the activity conducted by standing legislative committees, activity related to both the enactment of laws and correlative oversight responsibilities.

I would like to point out that my Subcommittee on Environmental Pollution has conducted dozens of days of oversight hearings in the years since the enactment of the Clean Air Act in 1970. These include field hearings and continuous investigative activities involving the implementing agency, the States, and the cities as they implement this act. Similarly, since the Federal Water Pollution Control Act was enacted over the President's veto in 1972, my subcommittee has reviewed continuously the Agency's implementation.

The structure of the laws and the regulations established under those laws is the responsibility of the legislative committees of Congress. It is no more proper for an appropriations committee to use the leverage of the dollar to amend substantive requirements of organic statutes than it is for the Office of Management and Budget—especially regulatory statutes which carry civil and criminal sanctions for noncompliance.

I should like to point out that the standards which the House of Appropriations Committee wants reviewed were promulgated pursuant to the administrative procedures spelled out in the air and water laws. Those promulgations are then subject to specific judicial review provisions for determination of consistency with the law. In fact, in many instances EPA rules have been subject to judicial review, including two cases which have already reached the Supreme Court.

This is the normal way our legislative, judicial, and executive branches interplay, it is the proper way. To inject the appropriations process in the implementation of substantive regulatory law is improper.

At another point in its report the House committee attempts to interpret the legal character of Federal pollution control requirements under the Clean Air Act and Water Pollution Control Act. Specifically, the House committee attempts to interpret national environmental standards as maximum levels of control rather than as minimum levels. Mr. President, these matters have long been the subject of discussion within the Committee on Public Works and the Subcommittee on Environmental Pollution as it has developed Federal pollution control statutes.

I can report to you that the two acts have resolved the question of whether Federal standards represent minimums and in every instance, except for specific exceptions for such things as the mobile source/automobile provisions and the aircraft emission standards under the Clean Air Act, the States are specifically provided with authority to establish more restrictive environmental standards than Federal standards.

In many instances the States are, in fact, encouraged to at least consider standards more restrictive than the Federal standards. This authority is authority which the States have requested. We have honored that request. The interpretation rendered by the House Appropriations Committee in its report is directly contrary to these provisions of law and can only serve to obfuscate matters. They can serve no useful purpose, and are likely to increase the divisiveness and controversy that surrounds implementation of provisions to protect the quality of the environment of the American people. That can hardly satisfy any objective of the House committee.

Senator McGEE and I and the members of our two committees and staffs have worked closely together to apprise each other of information drawn from carrying out our respective responsibilities. In this manner the legislative committee is able to inform the Appropriations Committee of the areas where the agency is in greatest need of appropriation assistance and the Appropriations Committee is able to advise the legislative committee of those areas in which the agency is spending moneys in the most effective manner. This is the relationship between appropriation and legislative activities that underlies the rules of the Senate and House of Representatives.

We must seek to protect the distinction between the two committees, and I am glad that Senator McGEE has sought to clarify the nature of the appropriation process relative to the substantive requirements of EPA. Certainly the interpretations of the Clean Air Act and contained in the House report carry no basis in law.

I would like to comment upon some of the appropriation increases and other actions taken by the Senate Appropriations Committee. These actions are sound improvements in the bill and its legislative history.

One of the more serious limitations placed on the implementation of environmental laws has been the imposition of manpower ceilings on the Environmental Protection Agency. At the present time the limitation on the Agency is 9,200 personnel. Yet, every time my committee reviews the performance of the agency in a particular area, the standard refrain is that EPA lacks the manpower and resources to carry out the acts as they were intended to be carried out. Consequently, we do not see regulations and investigations on vinyl chloride or sulfates in air pollution control because of the failure to apply sufficient manpower to perform the work necessary to protect the American people from direct health hazards.

The bill that is presently before the Senate as a result of Senator McGEE's efforts carries additional manpower provisions. I cannot understate the importance of providing this additional manpower to the Environmental Protection Agency. For instance July 1, 1974, marks the date upon which unleaded gasoline had to be available nationwide for use in model year 1975 cars which will be sold this fall. In order to assure that the regulatory aspects of this program are conducted properly, it is necessary to provide EPA with at least 50 additional personnel to supervise this program.

One of the most significant results of the research to date on catalytic converters and other sources of air emissions resulting from the combustion of fossil fuel is the threat to health presented by sulfates which could result from these emission sources. The evidence is sufficient to establish that sulfates are a health hazard and it is probable that sulfates should be the subject of a primary national ambient air quality standard necessary to protect public health. Yet, the agency has insufficient manpower and resources to carry out this activity. I recommended increases here when I testified before the subcommittee, and I am happy to see that the bill before us would apply 25 additional people to this area of activity from the increased energy funds appropriated.

I am sure all Senators have read recently of the carcinogenic hazards of vinyl chloride. In part because of manpower limitations, the Agency was forced to seek voluntary compliance in the reduction of emissions of this substance. Voluntary compliance was sought because EPA was unable to give sufficient attention to the research and development aspects of vinyl chloride. Additional manpower is necessary and should be assigned from increased manpower provided in this bill.

The entire air pollution control program rests on the quality of the monitoring system established by EPA and the States. The present monitoring program is not sufficient to support the regulatory program in a manner that the American people should expect. Part of this insufficiency is the result of inadequate manpower. As a result of the consultation between my subcommittee and Senator McGEE's subcommittee, the bill before us would add 40 additional persons in the Environmental Protection Agency to carry out this activity.

The water pollution control program is no less hindered than the air pollution control program. Many people are dependent upon EPA action and decisions in the conduct of their business and in the conduct of municipal administration. Permit processing, construction grant processing, and monitoring are all prerequisites to effective water pollution control programs. These, however, are all constrained by failure of the administration to apply sufficient personnel to carry out these activities effectively. The bill before us would allot 150 additional people to this activity.

Congress cannot enact important regulatory legislation if it is not prepared to attach to that regulatory legislation the necessary resources which are required to execute that authority. Manpower is a significant component of these resources. It is absolutely essential that the Agency be properly staffed to carry out its very important responsibilities.

The Senate committee has recommended $176.7 million for research and development for EPA. Both the Senate and the House committee recommendations are almost $10 million over the President's budget request in this area. In addition, there are funds in the energy portion of EPA's budget for health effects research. As I have mentioned, one of the key areas for the use of both of these categories of funds is in the development of a national ambient air quality standard for sulfates.

The Senate committee has also increased funds for grants to States under air and water programs. This $12.5 million increase in each of these categories will help to provide badly needed manpower additions in State programs. This action directly negates the suggestion of the Office of Management and Budget to phase out grants to States for pollution control programs, but it is consistent with a recently reported recommendation of the EPA Administrator to maintain Federal support grants.

As I noted in my testimony before the Senate Appropriation's subcommittee, I became aware earlier this year of a letter by Fred Malek of the Office of Management and Budget to Russell Train dated February 4, 1974, indicating that the Agency must phase out its aid to State programs.

This was a very irresponsible suggestion and one that has met almost unanimous opposition throughout the States and in Congress. I hope the action of the Senate committee, which I believe will be approved by the conference committee, will finally lay to rest any attempt by the Office of Management and Budget to restrict these programs. Instead, States must be given further assistance. I compliment Senator McGEE and his subcommittee for the action taken in this area.

Mr. President, the money we allocate to Federal programs often is the best test of our commitment. In Congress, we have made a substantial commitment to environmental protection programs. The budgetary resources have not yet closed the gap between the commitments in our laws and the funding needed to support those commitments. I again compliment the Senator from Wyoming for the diligence and sensitivity he has shown in this area. I urge my colleagues to support this bill.

First of all, on behalf of myself and the distinguished chairman of the Committee on Public Works, Senator RANDOLPH, and the committee, I want to take this opportunity to compliment the Senate Appropriations subcommittee. The members have produced a bill which shows, once again, that they are more sensitive to the environmental needs of the Nation than is the President and the Office of Management and Budget. Senator McGEE has long been a leader in environmental concerns, and his contribution is once again apparent. This, of course, could not be done without the assistance and support of the ranking Republican of the subcommittee, Senator FONG. They and the members of their subcommittee deserve great credit for the work they have done, and I express my appreciation.

I wish to focus, Mr. President, on two questions related to this bill and the House committee report, which I have discussed in advance with Senator McGEE, and which narrows the issue to a point that I think needs to be covered on the floor of the Senate. I would like to address that question to Senator McGEE concerning his views of the House language on page 14 of the House report, which attempts to require that the Environmental Protection Agency submit the report described by the House committee. Is the Senator satisfied with the oversight responsibility conducted by the legislative committee, in this case the Senate Subcommittee on Environmental Pollution, and the materials and information which have been generated pursuant to that activity?

Mr. McGEE. I say to the distinguished Senator from Maine, who has been literally a pioneer in this body in this exciting, very difficult, and complex new area, that his activities as chairman of that subcommittee in the past year have been exceedingly astute and sharp and on target.

I want to say, also, that he has made it a special point to stay in touch with the Appropriations Committee at all points along the line. It would be my judgment that he had, in a very commendable way, lived up to the oversight responsibilities with which his committee is burdened.

Mr. MUSKIE. I thank the distinguished Senator.

May I at this point take the opportunity to express my regret to Senator

FONG for one occasion earlier this year when communications did break down. It was probably as much my responsibility as his, and it led to what I have come to regard as an unfortunate incident on the floor of the Senate. The issue was resolved in the way I wanted it resolved, but that is not the point. I should like to make clear this afternoon my appreciation of what I think is a harmonious and constructive rapport between the subcommittee headed by these two distinguished Senators and my own.

Mr. FONG. Mr. President, the matter has been resolved, and we are working together very cooperatively.

Mr. McGEE. I would hope that the record would show that that was a breakdown in communications that had no relation to the Post Office Department. It is refreshing to find that here is one item, at least, that we cannot blame on the Postal Service.

Mr. MUSKIE. I thank the two distinguished Senators.

I now come to my other question. I should like to point out that the standards which the House Appropriations Committee wants reviewed were promulgated pursuant to the administrative procedures spelled out in the air and water laws. Those promulgations are then subject to specific judicial review provisions for determination of consistency with the law. In fact, in many instances EPA rules have been subject to judicial review, including two cases which have already reached the Supreme Court.

This is the normal legislative, judicial, and executive branches interplay; it is the proper way. To inject the appropriations process in the implementation of substantive regulatory law is improper, in my judgment. Does the Senator from Wyoming agree?

Mr. McGEE. Yes. It is the Senator from Wyoming's judgment that that is a correct and proper and important phrasing of the position. The appropriating process, as the Senator from Wyoming envisages it, is to allocate the funds and to that extent has discretion in terms of the total amount, but it does not involve the basic prerogative of authorizing, by withholding or in some other devious manner. Although, that question, I am sure, was beaten around rather badly during the earlier debates on the war question and that sort of thing, when everyone kept saying, "You have the appropriating process and you can cut off the funds." But if we had cut off all funds, it would have been, in effect, legislating then.

As the Senator appreciates, historically, it is a tough question. It is particularly tough when one is developing important new areas of crisis decisions. Certainly, one of those important areas is in the whole new spectrum of the environment and the consequence of its neglect. That is why it is very necessary that we spell out legislative intent and the procedure here, so that we do not forfeit the horrendous implications of the neglect otherwise of the environmental question.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MUSKIE. I thank the Senator.

Mr. President, will the Senator yield me 30 seconds?

Mr. McGEE. I yield 30 seconds from the time of the Senator from Hawaii.

Mr. FONG. Yes.

Mr. McGEE. I still have some time.

Mr. MUSKIE. Mr. President, I have undertaken to identify the positive contributions which the Senator's subcommittee has made to enhance the appropriations available to the Environmental Protection Agency, to enable them to achieve their objectives. I wanted to do that in order to highlight the contribution made by the subcommittee to the important work of the Environmental Protection Agency. I again express my personal appreciation.

NECESSARY FUNDING OF ENVIRONMENTAL PROGRAMS NECESSARY FOR STRENGTHENING OF AMERICA AND WELL-BEING OF PEOPLE

Mr. RANDOLPH. Mr. President, for more than a decade the Committee on Public Works has been actively involved in developing a body of legislation to protect the environmental strength of the world in which we live.

During that period government at the Federal, State, and local levels have instituted programs for increasing effectiveness to reverse historic practices of environmental degradation.

Substantial starts have been made in ending the contamination of our air and water. It is a monumental undertaking, because for years we concentrated on building a strong and varied economy from the once abundant resources of the New World. Now we must atone for past abuses and the cost in monetary terms is high.

The bill we consider today provides Federal financing for environmental programs in the year ahead. The Appropriations Subcommittee chaired by the able Senator from Wyoming (Mr. McGEE) has realistically considered our national needs in the environmental field. Under the concerned leadership of Senator McCLELLAN, the full committee reported to the Senate a measure that will permit continued progress in reducing pollution.

As chairman of the Committee on Public Works, the authorizing committee for environmental legislation, I am appreciative of the cooperative relationship that has been developed between our two committees. In recent years, the Committee on Public Works has examined the budgetary requests of the Environmental Protection Agency in the context of our familiarity with the Agency's programs. In that manner we are able to supplement the Appropriations Committee's evaluation of the administration's proposals for funding environmental programs. Our interlocking consideration of this important Federal activity is, I believe, an outstanding instance of effective committee cooperation.

Mr. President, I have mentioned our ongoing programs of air and water pollution control. Both of these require substantial funding, but they are producing positive results.

The Committee on Public Works is now developing major new legislation in the solid waste field. Our efforts in this critical field have heretofore been concentrated mainly in research and development and demonstration programs. It is time now to move into a massive and sustained attack on the growing solid waste production of our country. The technology exists to recover and reuse many millions of tons of useful materials that are discarded every year.

Our committee's panel on materials policy, which I chair, last week completed 7 days of hearings on pending solid waste proposals. We will soon begin writing a bill which I hope can be reported to the Senate and enacted without delay. I anticipate that within the next year we will be initiating another important environmental program that will require the support of the Federal Government as well as the commitment of Federal funds.

Mr. President, the chairman of our Subcommittee on Environmental Pollution, Mr. MUSKIE, has spoken today on the legislation before the Senate. Senator MUSKIE is intimately acquainted with the programs for which funding is provided in this measure. His leadership in environmental matters has been invaluable to our work.

Mr. President, a major governmental transition has taken place in the past 5 years. From a perepheral concern, environmental protection has become a prominent and permanent concern of the Federal Government. This development was not imposed on the people from above. Instead, it reflects the intense desire of our citizens to have clean air, pure water, and a countryside unlittered by the discards of the affluent society.

Without votes today, the Senate can again endorse its commitment to these purposes, and I urge the passage of this bill.

The PRESIDING OFFICER (Mr. STEVENS). Who yields time?

Mr. McGEE. Mr. President, I yield to a distinguished member of the Agriculture Appropriations Subcommittee, a man whose leadership has been written into innumerable chapters of the agricultural history in this body, the Senator from Mississippi.

Mr. STENNIS. I thank the Senator from Wyoming.

Mr. President, I want to compliment and thank the Senator from Wyoming and the Senator from Hawaii—I am sure they were assisted by other members of our subcommittee—for the excellent job they have done, for the considerate judgment they have shown, and for the long hearings and tedious work involved in this matter.

This is a very difficult bill. I have been on the subcommittee a long time, but I did not have an opportunity to make a contribution this year. Added problems have come in through the door of the environmental program, and the committee has handled those matters splendidly.

I want to thank them on behalf of the agricultural areas of the Nation, especially. Matters far beyond the immediate interests of their own States have received utmost consideration and judgment on the merits, the same as other

areas in which they are more directly concerned. That is what I call not just service but statesmanship.

I thank both Senators.

Mr. McGEE. Mr. President, for a statesmanlike comment such as that, I am glad to have that time taken out of my time. [Laughter.]

Mr. HELMS. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. Does the Senator ask that it be in order to consider this amendment at this time? Unanimous consent is required in order to do so.

Mr. HELMS. I make such a request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

On page 53, line 6, after "as amended:", insert the following:

"*Provided further,* That no part of the funds appropriated by this Act shall be used during the fiscal year ending June 30, 1975, to make food stamps available for the duration of a strike to a household while its principal wage earner is, on account of a labor dispute to which he is a party or to which a labor organization of which he is a member is a party, on strike: *Provided,* That such ineligibility shall not apply to any household that was eligible for and participating in the food stamp program immediately prior to the start of such strike dispute, or other similar action in which any member of such household engages: *Provided further,* That such ineligibility shall not apply to any household if any of its members is subject to an employer's lockout.".

Mr. HELMS. Mr. President, I offer this amendment again, fully aware that labor union lobbyists will fall all over themselves to prevent its being approved by the Senate. Still, I think it is important that Senators go on record, as often as may be possible, on a very fundamental question: Should the taxpayers of America be required to subsidize able-bodied people who simply choose not to work—who choose, instead, to walk off their jobs?

I have submitted this amendment several times before. I will continue to submit it until—one day, I hope—it is approved, however many times that may require. There is a principle at stake here that deserves better than to be dismissed in a cavalier fashion.

This amendment would prohibit the distribution of food stamps to strikers. In submitting this amendment, I reject the argument that is always advanced by labor union lobbyists. They cry that to cut off food stamps to strikers is an act designed to deprive union members the right to strike.

That is an absurd argument, Mr. President. Nobody is deprived of his right to strike. But strikers ought to be accountable for their own decision to strike. They pay dues to their labor unions presumably for the purpose of sustaining them when they do strike. If their dues money is used for other purposes—such as financing political campaigns of Senators and Congressmen, or to pay six-digit salaries to top union officials—then it is up to the union members to decide whether they are getting their money's worth. But let it not be said that other Americans, who do not walk off thier jobs, ought to be required to finance anybody's decision to go on strike.

If we are going to talk about "rights," Mr. President, let us talk about the rights of the vast majority of Americans to be relieved of the burden of financing one side of a labor dispute.

In that connection, Mr. President, I think it is important to note that in fiscal year 1973, $2,495,654,000 was appropriated for food stamps. In fiscal year 1974, $2,995,367,000 was appropriated for food stamps.

In this bill, there is almost exactly a $1 billion increase in appropriations for food stamps.

On page 53, line 3, we read that the proposed appropriation is $3,989,785,000 for food stamps alone.

I suppose that we shall see momentarily, as we always do, a motion to table this amendment. Senators may think they can hide behind that parliamentary device. But they ought to see the deluge of mail that comes to me from citizens who are fed up with this manifestation of the taxpayers' money being used to finance one side of a labor dispute.

This amendment was narrowly defeated in the House of Representatives, Mr. President, when the House passed the bill now before us (H.R. 15472). It goes without saying that I feel strongly that the Senate ought to mend its ways, and give some thought to this Federal expenditure that is both unwise and unjust. In this period of unprecedented inflation, I feel that we ought to stand up and be counted on the question of our accountability to the American people.

The food stamp program was established in 1964 to help provide an adequate diet for those Americans whose incomes are below the poverty level due to their inability to work. It has done a great deal for needy Americans, and I support its operation on behalf of the truly needy of our society—but only the truly needy who are unable to support themselves.

Congress included a work requirement in the Food Stamp Act which makes it plain that the congressional intent in designing the food stamp program was that it should not benefit those who refuse to work.

Congress has failed, however, specifically to prohibit employed workers, who qualify for the program only because of their participation in a strike, from receiving benefits under the program. The interests of the American consumer and taxpayer, and the maintenance of our system of free collective bargaining, demand that such a prohibition be established.

Free collective bargaining has been chosen by Congress as the system of labor-management negotiation best able to promote economic stability and avoid industrial strife. This system protects the rights and interests of workers, companies, and consumers. The imperative fundamental premise of free collective bargaining is absolute Government neutrality in the labor-management contest. While the Government acts to oversee and referee the process, the results of the contest are determined by the independent bargaining strengths of the parties.

Public assistance to either side in a labor dispute violates the concept of free collective bargaining and violates the rights of the opposing party. Public assistance in the form of the distribution of food stamps to strikers' households has the undeniable effect of giving a distinct economic advantage to the union in the collective bargaining contest.

The duration of strikes has increased significantly since the advent of welfare payments to strikers. To continue to make these payments will only fuel this trend, thus bringing more pressures on our already troubled economy and further undermining the principles of free collective bargaining which is so vital to the American free enterprise system.

In this era of perilous inflation, constantly rising taxes, and public discontent with the state of the economy, this committee should be particularly sensitive to the needs of the working American, who is both taxpayer and consumer. I believe this committee should respond to any opportunity to lighten the burdens of inflation and taxes and especially when this can be done without hardship to any legitimate recipient of Government services. Due to the average annual income and most union members and the strike benefits available from union funds, few strikers can plead that they are subjected to hardship through no fault of their own simply because they are denied food stamps to which they are not entitled.

The granting of welfare benefits to strikers deals a double blow to the taxpayer-consumer. Food stamp benefits allow workers to prolong strikes and drive up the costs of production, which are ultimately passed on to the consumer. Our current inflation has been made worse by subsidized, lengthy strikes, and the abnormally high settlements and decreased production of goods and services. By using tax dollars to subsidize strikers, the Government is increasing the consumer's tax burden while using his money to drive up the cost of the very goods and services he must buy.

Now is the time to break the vicious circle which penalizes every American taxpayer and consumer. By prohibiting the distribution of food stamps to strikers, Congress can reduce the cost of the program to the taxpayer and reduce the rate of inflation.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, I would simply say in regard to the distinguished Senator's proposed amendment that the committee's position is that it really does not belong here on this.

It has traditionally been the legislative committee's province or prerogative, and we have been up and down the hill on that in that committee. It was brought up in one reference in the course of our hearings and we had every assurance from those who testified whose job

it is to carry out the provisions that they thought they had the legislative authorization, the mandate, to cover the weak spots, to cover the unexpected. Therefore, we felt on the committee that it did not belong in this kind of bill in this way.

I think the Senator appreciates that point. We disagree on the point, but that is the reason the committee did not proceed along that line at the time we were marking up the bill.

Mr. HELMS. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were not ordered.

Mr. HELMS. I suggest the absence of a quorum.

Mr. McGEE. How many are we short—two.

Mr. President, I suggest the absence of a quorum, the time not to be taken from either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McGEE. 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. McGEE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. FONG. Mr. President, I yield 3 minutes to the distinguished Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, would the Senator yield me 4 minutes?

Mr. FONG. Four minutes.

Mr. HATFIELD. Mr. President, I rise in support of the amendment of Mr. HUGHES.

During recent weeks the Congress has become increasingly aware of the prostitution and politicalization of the so-called "Food for Peace" program. Specifically, almost half of the modest and shrinking surplus commodities under this program was diverted last fiscal year to support the war economies of South Vietnam and Cambodia, in heartless insensitivity to the threat of famine which grips much of the world. Further, those actions constituted a blatant attempt by the executive branch to nullify congressional action which placed limits on appropriations to the governments of those countries.

Last year, the Congress appropriated $450 million for "Indochina Reconstruction Assistance." The administration had requested $632 million; the Senate, following the recommendation of the Foreign Operations Subcommittee of the Appropriations Committee, appropriated $400 million, and the House appropriated $500 million; $450 million was the conference figure. Food for peace funds are appropriated separately, through the agriculture budget, and are not subject to country ceilings or limitations. There is nearly total flexibility on the part of the administration to change and divert these funds to different countries as they see fit. Thus, while the administration proposed fiscal year 1974 that $176 million would be made available in agricultural commodities for South Vietnam, and $30 million for Cambodia, by the year's end, they had allocated $268 million in loans to South Vietnam for the purchase of commodities, and $182 million to Cambodia. Thus, those two countries actually received $244 million more than was originally projected. So while it was the intent of Congress to cut appropriations for Indochina reconstruction by $182 million, from a proposed $632 to $450 million, the executive branch more than recompensated that reduction by this $244 million increase in "Food for Peace" commodities.

As a member of the Foreign Operations Subcommittee of the Senate Appropriations Committee, this is particularly distressing to me, for we struggled diligently to set certain congressional ceilings to Indochina reconstruction assistance, only to see them totally nullified by this action of the administration.

This action becomes particularly tragic when we realize how the countries of Indochina came to nearly monopolize our food for peace program. Title I food for peace funds were diverted in such added massive amounts to Indochina not primarily to meet the needs of its hungry people, but rather to generate an added source of revenue for the South Vietnamese Government to pay for its budget, which means in large measure to pay its army. The same holds true for Cambodia.

Consider these facts. While more than $450 million in food for peace funds was allocated to Indochina in fiscal year 1974, the Sahel region of Africa, where a quarter of a million have died of starvation and millions more suffer from severe malnutrition and are struggling to live, received only $77.6 million under the food for peace program, according to the last available estimates. Pakistan received only $38.1 million; Bangladesh received a mere $41.4 million, despite the severe malnutrition that continues to afflict millions of its young. And India, which alone has 20 times the population of South Vietnam and Cambodia, and which is faced with the threat of famine, received only $50.5 million.

In fact, the two continents of Africa and Latin America together, with a population of 550 million people, received an estimated total of $190.5 million under food for peace allocations, almost the same as that given to the one country of Cambodia, with a population of 7 million.

The priorities governing the food for peace program are clear: they are to support economies geared to war, rather than relieve famine and starvation. Almost half of last year's food for peace allocations turned out, in fact, to be food for war.

Let us not be ignorant of the need which is going unmet. Last March, I had the opportunity to visit with Mother Teresa in Calcutta, India, and see the work of her order among the starving and dying. Mother Teresa told me how the limited commodities she had been receiving under the Public Law 480 program were being decreased. Upon my return I investigated with AID and others as to the reason for this. This is what I was told. The shrinking surplus commodities, as well as inflation, were limiting the amount of food which could be distributed under title I, or given on loan terms under title I of Public Law 480. Thus, policy decisions had to be made over where these commodities should go. Guidelines were drawn up saying that such aid should not be given to the old and the dying, but rather to those programs working primarily with children, and providing for maternal care. But it is my understanding that such aid is not given to those who have survived the earliest years of childhood, but who are not yet old enough to enter the work force. In effect, we are helping children survive infancy only to cut them adrift to an uncertain fate; and we are also saying, "Let the old die; it's no use trying to help them."

One of Mother Teresa's main missions is to work with the elderly, and those near death, providing them with physical care and spiritual love. But the Public Law 480 commodities previously given to this work will have to cease because of the policy guidelines which I have mentioned. Further, a major aspect of Mother Teresa's programs is her work with lepers. But the same policies mentioned will deny food for peace commodities from going to these most needy people.

All this is the concrete result of prostituting the food for peace program into a funnel of U.S. funds to prop up the military-dominated budgets of South Vietnam and Cambodia.

There is one other aspect of the food for peace program that I find totally unbelievable. It was revealed recently that last year we sent about $25 million worth of tobacco to poor countries as part of our effort to provide food for world peace. The same amount will be given this year, according to projections and between $10 and $12 million will go as part of our food for peace assistance to South Vietnam. That should satisfy any remaining doubters who might still think that the food for peace program in Indochina has much of anything to do with providing food for the building of peace.

I am astounded to learn that our Government, which has found that cigarette smoking is hazardous to health, and has restrictions put on all advertising of tobacco, then uses taxpayers money to buy tobacco, store it, and ship it to other countries, giving low interest loans to support its purchase, all under the name of "food for peace."

Officials in the administration have referred to this policy of pushing tobacco to the poor of the world as a "morale-building" measure in war torn nations. All this is particularly pathetic in Indochina. How many people will there be of that area having escaped death or injury from the millions of tons of bombs

we dropped, will now die an ironic, tragic death of cancer or heart disease contracted from our tobacco? To call such a policy "morale-building" is worse than any obscenity deleted from the White House tapes.

While we are pushing tobacco throughout the world, we in the Congress suddenly get self-righteous and think that we can tell another country, like Turkey, to stop growing its opium if it expects to receive our foreign aid. Now I do not mean to compare the deadly and hellish damage of drugs produced from opium with the destructive effects of tobacco. Further, given the options available at the time, I reluctantly voted for the proposal threatening to halt aid to Turkey.

Yet, there is a larger principle to be considered, and I am struck by the utter hypocrisy involved when our Nation pursues such policies. What gives us the right to think we can tell other countries what they should or should not do with their domestic agricultural products, while we peddle tobacco to the poor, and use our excess agricultural commodities to support war-economies, all in the fact of a world threatened by the specter of famine, and present starvation that claims at least 10,000 people each day?

How much food rich in protein could have been grown on that land which will provide the $25 million worth of tobacco we see fit to underwrite in distribution throughout the world?

I readily acknowledge that Congress must share the blame in this situation. We have given in to the self-serving manipulation of the tobacco industry and allowed a program designed to feed the hungry be used as a means to feed the coffers of this special interest group.

Modest attempts to reform the food for peace program have just barely begun in the Congress. I expect that the Senate, for instance, will adopt the House amendment to the agriculture appropriations bill stating that no more than 10 percent of Public Law 480 title I funds can go to any one country in fiscal year 1975. Yet, it is said that the administration has not ardently opposed this measure, because they still have the flexibility to get around its intent. Further, we are all aware of the long overdue stipulation, which took the effect beginning this fiscal year, that revenues generated from food for peace allotments in South Vietnam and Cambodia not be used directly for their domestic military purposes. Yet, reports have appeared stating that the intent of this law can and is being circumvented through various means. Thus, we have barely begun the task of directing this program in some measure back to its original purposes of providing food for peace.

Let me be candid. There is no problem faced by this world more likely to breed instability and conflict, and increase the magnitude of mankind's suffering in the years directly ahead of us, than the shortage of food.

International politics, relationships between the "super-powers" and the poor countries, the durability of political regimes, and the political character of nations, including our own, will be shaped by the growing scarcity of the world's basic resources, and especially food, more than by any of the other factors that have monopolized our attention.

To simply think that we can give out of our existing or future surpluses enough to meet this need is an illusion. Thus, the food for peace program, as currently structured, will never be adequate to meet world need, for it relies on agricultural surpluses which are rapidly shrinking. But at least we can restore a measure of integrity to this program. That would be a start.

The people of America have demonstrated that they will give out of their generosity to those who are in need. But what has disillusioned the Nation about our foreign aid program are the instances of compromise and manipulation which can eventually destroy the original ideals and purposes of these efforts. The history of our food for peace programs, and the examples I have just briefly outlined, is a prime cause of why Americans have been losing their belief in foreign aid.

In addition, there are thousands of people, both working for our Government and with voluntary agencies throughout the world, who have a sincere and total commitment to meeting human need. But the policies and decisions made at levels totally beyond their control can undermine and erode the quality of such individual humanitarianism. Corrupting the purposes of the food for peace program has its costs both in human lives throughout the world and in the equally incalcuable cost of mocking and destroying the force of humanitarianism and love. This is the resource—love for humanity—which is suffering the greatest shortage of all.

Who can take seriously the American commitment to alleviating world hunger when this program is being used for such goals as pushing tobacco abroad and propping up the military-dominated budgets of puppet regimes? Reconstructing the food for peace program so that it actually does give food is imperative if we are to have any moral credibility in the struggle against famine.

I ask unanimous consent to have printed in the RECORD an article entitled, "U.S. Sells Indochina Tobacco," written by Dan Morgan and published in the Washington Post of July 5, 1974; and an article entitled, "Cambodia Seen Shifting Funds," written by Philip McCombs, and an article entitled, "Program Under Fire on Hill," written by Dan Morgan, both articles published under the general heading, "Food for Peace—Or Is It Really for War?" in a recent issue of the Washington Post.

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

UNITED STATES SELLS INDOCHINA TOBACCO

(By Dan Morgan)

Spurred by a powerful bloc of Southern congressmen, the U.S. government is planning to ship some $25 million worth of Tobacco to Vietnam, Cambodia and a number of poor countries as part of its "food aid" program in the coming year.

In justifying the deliveries of tobacco, which is used almost exclusively in the manufacture of cigarettes, administration officials cited the "morale building" factor in providing the commodity to war-torn nations.

However, sources in the Department of Agriculture who criticized the handling of the American food aid program described the tobacco shipments as a form of "security assistance" to Indochina.

These sources said the proceeds of the Vietnamese government's sales of the tobacco have been used mainly for "common defense purposes" in the past, and in this fiscal year, will go toward buttressing the country's war economy.

"Not only do we send guns to Indochina, we give them lung cancer to boot," said a congressional aide who became aware of the scope of the tobacco shipments on a recent tour of the area.

Virtually all the tobacco imported into Cambodia and Vietnam now goes through Title I of the Public Law 480 "food for peace" program, Agriculture Department officials said. Under this, foreign governments purchase the commodity at long low interest terms and sell it in their local economies.

In fiscal 1973, 8,428 tons of unmanufactured leaf tobacco were shipped to Vietnam under Title I, out of the 11,443-ton worldwide total, according to department figures. Cambodia received 571 tons. The amounts were 4,250 tons and 750 tons, respectively, in the July, 1973, to May, 1974, period.

Officials said worldwide shipments of tobacco under Title I ran about $25 million in the fiscal year just ended and "requirements for the coming year will be at that level." They predicted shipments to Vietnam of $10 million to $12 million.

Tobacco was included in the Public Law 480 program early in its 20-year history, at the urging of the powerful tobacco-state bloc in Congress. Moves to reduce its share of the program, which has varied from 2 to 5 per cent of the total, have consistently met with strong congressional opposition. Industry and legislative spokesmen indicated Monday that their enthusiasm for the program is undiminished.

"Public Law 480 has been kind to tobacco," said Rep. Walter B. Jones (D-N.C.). The program was "one way to assist farmers," he said and also aid the American balance of payments position.

Rep. Frank A. Stubblefield (D-Ky.), chairman of the tobacco subcommittee of the House Agriculture Committee, said the shipments are a "morale builder." He added that American farmers would be upset by any curtailment of the program.

Industry officials said that the congressional delegations of Kentucky, Tennessee, North and South Carolina, Virginia, Florida and Georgia were solidly behind the program.

"I don't know any senator or congressman from those districts that doesn't go down the line on the tobacco program," said Joseph Williams, president of Tobacco Associates, the Washington-based growers organization.

"If you're going to have a $500 million program, tobacco has a right to its fair share of it," he added. Tobacco is the country's fifth largest agricultural export product, accounting for nearly $1 billion annually in foreign sales. About a third of all domestically grown tobacco is exported.

Public Law 480 exports account for only a small percentage of the tobacco shipped abroad. However, according to Williams the program is essential if the industry is to recapture former commercial markets in Indochina and the Middle East, which were closed off by the war. "Without the government's help, we can't reestablish those markets," Williams said, noting that Egypt was once a $20 million-a-day U.S. tobacco market.

According to Agriculture officials, the Public Law 480 export program is important to

growers of certain kinds of tobacco now in surplus because of worsening world trade barriers and declining cigarette use in the United States. The Agriculture Department estimates there are now some 75,000 tons of flu-cured tobacco in government storage, while government stockpiles of many key farm items like wheat are near zero.

In the last two weeks, critics of the administration's heavy allocations of Public Law 480 loans to Vietnam and Cambodia have charged that the food for peace program has been used to circumvent congressional limits on military and economic aid to Indochina. Half of all food aid loans went to these two countries last year.

It was learned this week that the Agency for International Development quietly began paying the ocean freight charges of the drastically increased food shipments to Cambodia last fall, to avoid overstraining that country's limited monetary reserves.

Cambodia is the only country in the program that doesn't pay the freight costs of such food. In 1974, the bill to the United States was $25 million. Agency officials predicted this week that if congressional efforts to curtail the Cambodian food aid program succeed, "Cambodia will collapse . . . you'd have real panic; the government would go under, in terms of reality and of the psychological effect."

FOOD FOR PEACE—OR IS IT REALLY FOR WAR?

CAMBODIA SEEN SHIFTING FUNDS

(By Philip McCombs)

PHNOM PENH.—Congressional efforts to prevent military use of funds generated by the Food for Peace program apparently are being frustrated by some ingenious bookkeeping in Cambodia and South Vietnam.

Food for Peace is the American assistance program which for years has shipped massive amounts of foodstuffs to countries around the world including millions of dollars in goods yearly to Cambodia and Vietnam.

The proceeds from the sale of this food has consistently been used to support the war effort in both countries and it is this practice which Congress set out to stop with legislation last year.

Despite the legislation, however, it appears the Cambodian government may be able to circumvent the intent of Congress by simply allowing the funds to pile up unused in a bank account and then printing an equal amount of new money to pay soldiers.

In Saigon, it also appears possible that funds generated by the program could be channeled into other non-military areas of the economy, freeing up equal amounts of money for military use and thus again frustrating Congress' efforts at control.

In the 1974 fiscal year ending today, $182 million in Peace commodities were shipped to Cambodia and $268 million to South Vietnam. In each country, the food was sold for local currency.

Much of this currency was then given by the United States to the government of Cambodia and South Vietnam to pay soldiers' salaries and other military costs.

It was this type of practice which many congressmen considered to be hidden and uncontrolled war spending by the Administration and which led to legislation this past December to bring it to a halt.

The Congressional ban prohibits any military use of funds generated by the Food for Peace program "unless such [use] is specifically authorized by legislation." The ban goes into effect today.

Previously grants were made by the U.S. Agency for International Development (AID) as an administrative matter and required no specific Congressional authorization.

A Senate Foreign Relations Committee report on the Senate version of the December legislation said, "It will keep Congress and the American people better informed about this particular aspect of the foreign aid program."

The legislation will, the report said, "enable Congress to approve, disapprove, or amend agreements" for any future possible use of funds generated by the Food for Peace program.

"In a larger context," the report said, "this (legislation) is simply another step forward in the committee's efforts to help Congress redress the imbalance between the executive and legislative branches in the field of foreign policy."

Aid officials here and in Saigon conceded that it was possible for them to appear before Congress to request "specific authorization" to use Food for Peace-generated funds for military purposes as contemplated in the December legislation.

However, they said this was not likely to happen because such appearances would impose an unbearable administrative burden on them.

"It's scary—just the time that would be involved in bringing the U.S. Congress into day-to-day decisions."

Thomas F. Olmsted, AID director here, also said it is unlikely that AID officials will go back to Congress with specific requests.

However, both Olmsted and Yaeger said they are planning trips to Washington in the near future to consult with higher AID officials who will make the final decisions on this and other problems raised by the December legislation.

In addition, the officials will discuss other legislation now under consideration in Congress that would impose strict new limits on Food for Peace spending in any one country and thus bring to an abrupt end the massive programs in Indochina.

Passage of such legislation presumably would end the possibility of bookkeeping changes being used to circumvent the December legislation—at least on the large scale that now seems possible.

In the case of Cambodia, where the Food for Peace program plays a far more important role in the tiny, staggering wartime economy than it does in Vietnam, the administration presumably would have to launch an immediate appeal to Congress for additional AID funds to keep the entire American effort here from collapsing.

With respect to the December legislation, both Olmsted and Yaeger emphasized that no Food for Peace-generated funds will be channeled to military uses after the June 30 mandatory cutoff.

They both said that the ultimate use of the funds will be strictly legal and in no way designed to frustrate the objectives of Congress.

"There's no hanky-panky," said Olmsted. "It's completely our intention to comply with both the letter and the spirit of the law."

He said that Food for Peace funds can only be granted to the government to the extent that there is a designated use for them under the provisions of Public Law 480.

The money can no longer go for military purposes, he said, and the other uses under the law, which include things like funds for painting the U.S. Embassy or acquiring books for the Library of Congress, are not sufficient to use the vast amounts of money involved.

Therefore, said Olmsted, under the law the funds revert to an entirely different status.

Instead of belonging to the U.S. government, he said, they will now automatically belong to the Cambodian government, but in the form of a soft loan that must be repaid in dollars in 40 years.

The payments must begin after 10 years, said Olmsted, with interest of 2 per cent during the next 10 years and 3 per cent after that.

Olmsted said that Cambodian officials were "shocked" when they learned that the effect of the December legislation was to halt the free grants of funds that they had been receiving and to substitute for them obligations that must eventually be repaid in dollars.

He said the officials were further shocked when they learned that roughly $110 million that has built up unused so far in their Food for Peace account will, instead of being granted to them free, also become a dollar obligation. There has not been such a build-up in Vietnam.

Olmsted said neither he nor the Cambodian officials have any idea how these debts—beginning with the healthy interest payment that comes due next year—can ever be repaid to the United States.

He also said the change in status will place enormous pressure on the government to raise the price of rice because under the previous grant system, the government heavily subsidized rice.

Olmsted said he did not think Congress was aware of these implications when it passed the December legislation.

Although the Food for Peace funds will now belong to the Cambodian government, Olmsted said, they still cannot be used directly for military purposes under Public Law 480 and the administrative procedures of AID.

AID procedures require that the funds be used for economic development projects approved by AID, he said.

However, he added, Cambodia is in such a state of economic distress and general turmoil that there are no conceivable projects that could qualify.

Olmsted said the money will simply build in the national bank and not be used.

On the other hand, the government can then turn around and print an equal amount of money that can be used to pay soldiers just as the Food for Peace funds have been used in the past, Olmsted said.

This can be done without generating the massive inflation that usually results when a government prints money, he said. Cambodia already suffers from tremendous inflation.

Olmsted said that, in real economic terms, when the United States sends large quantities of rice and other foodstuffs to a country like Cambodia hovering on the edge of bankruptcy and military disaster, this aid is, in fact, military aid no matter what one calls it.

Cambodia's domestically generated government revenues from taxes in fiscal 1974 amounted to $54 million—not nearly enough to cover its $109 million military and $60 million civilian budgets.

The $115 million difference was made up roughly by $50 million in Food for Peace funds, $50 million in local funds generated by the Commercial Import Program, and $15 million in deficit financing.

The Commercial Import Program, which works like the Food for Peace program except that it involves commodities other than food is authorized under the Foreign Assistance Act and has not been as strongly criticized as the Food for Peace program as a hiding place for military aid.

The Cambodian military budget goes mostly for pay and benefits. U.S. military assistance to Cambodia is not included in this budget figure.

Under the old Food for Peace system, Olmsted's office maintained strict control over the military uses to which the granted funds were put.

For example, he said, AID was able to get the Cambodians to institute a computerized pay system in the army that substantially reduced the number of "ghost" soldiers—troops that did not exist but whose officers received their pay.

Under the new system, Olmsted said this control will be lessened.

"We are imposing a more stringent (repayment) thing on them," he said, "and yet in a way leaving them free and not accountable to us. . . . We have less say in it than we did before."

In Saigon, Yaeger said that the December legislation will also mean a change in status in the Food for Peace program that will probably impose a similar 40-year soft loan on the government.

However, he said, government officials were very disturbed when they learned of the change and it is not yet clear if they will continue to accept Food for Peace under the condition that they must pay for it in dollars.

Unlike Cambodia, however, Yaeger said the Saigon government can cover its entire military budget out of its own tax and other revenues. Thus it might be possible for the government to use its Food for Peace generated funds in civilian areas of the budget and transfer funds now used in those areas to military uses.

Yaeger emphasized that no final decisions have yet been made.

PROGRAM UNDER FIRE ON HILL

(By Dan Morgan)

"These decisions are made downtown by a faceless group, an interagency body, it is called, and it is made up of representatives from OMB, Treasury, AID, National Security, National Defense and Agriculture . . . What it amounts to is a $435-million slush fund."

With those words on the House floor June 21, Rep. James P. Johnson (R-Colo.) opened a congressional drive to force a drastic shakeup of the administration's food aid program—for years the least questioned form of foreign assistance.

A Johnson amendment which the House passed on a 61-to-51 vote would prevent the administration from allocating more than 10 per cent of the appropriated funds to any single country. The effect would be to put a $42.5 million 1974 ceiling on farm commodities transferred to South Vietnam and Cambodia under concessional loans.

Advocates of a radical reordering of food aid priorities charge that the administration has systematically used the 20-year-old Public Law 480 to circumvent congressional limits on military and economic aid to Indochina. In the fiscal year just ending, nearly half of all food aid loans were allocated to South Vietnam and Cambodia.

Johnson's amendment, attached to the administration's agricultural spending bill, is now before a Senate Appropriations subcommittee which is reported fairly evenly divided on the issue. Senate sources said that Sen. George McGovern (D-S.D.), backed by a number of Senate liberals and some Republicans, would make a floor fight for the food aid restrictions if the amendment is deleted in the subcommittee.

"The issue here is the prostitution of the American Food for Peace Program," said a Senate source last week.

"Something has got to be done about food aid," an administration official asserted.

Congressional battle lines are drawn between security-minded supporters of the Nixon doctrine of giving aid priority to U.S. military clients, and "doves" who feel the many-faceted aid to Saigon is only delaying an eventual political accommodation between the regime and the Communists.

However, officials who have followed the evolution of the Food for Peace program over the years say broader principles are involved.

Secretary of State Henry A. Kissinger has called for a world food conference to be held in Rome in November. The plight of hungry nations, and the response of wealthy countries to it, is high on the agenda.

In the background are rivalries involving half a dozen government agencies, which have differed in the past two years over the allocation of the United States' limited food aid resources.

These rivalries have sometimes pitted representatives of Kissinger against those of Agriculture Secretary Earl L. Butz, with Butz often emerging the loser.

Sources said that in the interagency board that allocates food resources, Kissinger's aides on the National Security Council consistently pressed for massive shipments to Indochina—the so-called "supporting assistance."

Butz argued for giving the priority to countries such as Indonesia and South Korea because of their potential as future commercial markets.

In this debate, pleas for a bigger share for some 90 other poor countries that received little or no food aid have gone mainly unheeded.

In the House floor discussion last week, Rep. James D. Symington (D-Mo.), asked: "Why should 1 per cent of the world's population, the peoples of Cambodia and South Vietnam, receive nearly half of the scarce funds available under Title I? It does not seem proper, yet it happened in 1974, to our surprise and dismay."

Public Law 480, which established the food aid programs of the 1950s and 1960s, was set up to make use of surplus U.S. food production, develop overseas markets, combat hunger and "promote in other ways the foreign policy of the United States."

Some critics claim that the latter has increasingly become the central rationale for American food largesse, with less and less emphasis given to humanitarian considerations or feeding the world's hungry.

The United States halted food aid loans to India after that country's war with Pakistan in 1971, and plans to resume such loans to Chile in the coming fiscal year, in the aftermath of the ouster of the Marxist regime of the late Salvador Allende. The Agency for International Development estimates that $35 million out of the total $50 million food assistance loans to South America will be allocated to Chile. Food aid loans are at an average 2.2 per cent interest for a period averaging 33 years.

A report issued by the General Accounting Office this year stopped just short of calling a 1971 American pledge to increase by $275 million food aid commitments to South Korea a political quid pro quo for Seoul's agreement to limit textile exports to the United States.

Subsequently, however, the United States sharply reduced its food aid to Korea. The United States responded to Korean complaints by saying the commodities were not available. But some congressional officials assert that the reason was the heavy diversion of food products to South Vietnam.

In the coming fiscal year, however, food loan shipments to the Seoul regime will be increased from $10 million to an estimated $150 million, AID says.

The administration, predicts a slight overall decline in the value of food aid shipments in the coming year: $891.7 million compared with this year's $1.013 billion.

It wants Congress to appropriate $425 million in new money for the program of concessional sales of farm commodities, called Title I, and $353.2 million for the food giveaway program, called Title II.

According to AID, South Vietnam and Cambodia received just under half the world total of food aid in the fiscal year just ending.

In defense of this preponderance, officials say: "All the rice was eaten." They also assert that last year, because of quadrupled U.S. rice prices, only 600,000 tons, rather than the 1 million tons sent in fiscal year 1973, was shipped to Indochina.

Congressional critics retort that the aid was nothing but a thinly disguised budgetary subsidy for Saigon's war economy.

Administration officials have conceded that much of the proceeds from the Saigon government's sale of Public Law 480 food on the local economy went to military or defense purposes, with U.S. approval.

Rep. Joseph P. Addabbo (D-N.Y.) charged on the House floor:

"These funds all were used, or could be used, under aid for common defense, so as we cut the military aid they came in through the back door with Public Law 480 aid and reversed the Mandate of Congress."

Under the 1973 Foreign Assistance Act, proceeds from the sale of the PL-480 commodities cannot be used for military purposes after July 1, unless specifically authorized by Congress.

However, some ambiguity apparently remained as recently as Jan. 21, when South Vietnamese Foreign Minister Vuong Van Bac signed a $55.2 million agreement for the delivery of rice, soybean, corn and peanut seeds under Public Law 480. In that, it was stated that the government of Vietnam understood that the foreign aid act restriction "may" have the effect of prohibiting the use of foreign currencies for common defense purposes. U.S. officials said last week that ambiguities have been cleared up.

AID Director Daniel Parker told a Senate Agriculture Committee panel in April: "Unequivocally . . . we are not going to continue to use these funds for defense budgets."

Rep. Johnson's amendment providing country ceilings on future food aid shipments was opposed by Rep. Jamie L. Whitten (D-Miss.), chairman of the Agriculture Subcommittee of the House Appropriations Committee, and by Rep. Otto Passman (D-La.). Both are from rice-growing states.

Passman's home state is the country's leading rice producer. The domestic market uses only 35 to 40 per cent of the rice produced in the United States. The rest is exported, much of it to Asia.

The rice industry has been a major beneficiary of the Public Law 480 program, which has accounted for about half of all U.S. rice exports in recent years. Rice is not consumed in many poor parts of the world.

Public Law 480 still enjoys a broad following among farmers and their representatives on Capitol Hill. Although world food demand outstripped supply last year, some farmers feel that bumper U.S. corn and wheat crops this year could reverse the trend. Therefore, Public Law 480 is seen as the best guarantee that the government will still be around to help move surpluses abroad, if foreign demand slackens.

The food aid debate marks a questioning of the allocation procedure, rather than the program itself. Critics point out that only $4.1 million in food giveaways is currently planned for the drought-stricken Sahel region in Africa—one-fortieth of the South Vietnam estimate.

House and Senate critics claim that the food aid appropriations, as handled in the past, give the administration a blank check.

The interagency board which decides how the funds are spent can shift the allocations from one country to another without congressional approval. It also has at its disposal some $300 million in annual loan repayments.

There are other loopholes as well, Johnson and others maintain.

"If they're determined to keep the aid to South Vietnam at the present high level, they can do it one way or another," said one official. "The question is how long they are prepared to hold the whole program hostage to Vietnam."

The PRESIDING OFFICER. Who yields time?

Mr. TUNNEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. HELMS). The Senator will state it.

Mr. TUNNEY. Is it possible to call up an amendment at this time?

The PRESIDING OFFICER. It requires unanimous consent.

AMENDMENT NO. 1574

Mr. TUNNEY. Mr. President, I ask unanimous consent to call up my amendment No. 1574.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 31, line 2, strike out "$5,000,000" and insert in lieu thereof "$17,500,000".

Mr. TUNNEY. Mr. President, I would like to discuss for a few minutes my amendment which would increase the appropriations to the Farmers Home Administration farm labor housing grant program from $5 to $17.5 million.

I call up this amendment with an awareness that this country is facing a very serious fiscal crisis and there is no doubt that we ought to be moving in the direction of trying to balance the budget. I certainly commend the Senator from Wyoming for the very fine job that he and the members of his subcommittee have done, in trying to develop a sense of priorities for our spending programs.

However, when we talk about priorities, I suppose that all of us have our own scale of values and those things that we consider important. I just happen to feel that farm labor housing is one of those areas that should receive special attention even though we might have to cut money from other worthwhile programs.

I feel that anyone who has had the chance I have had to visit farm labor camps cannot help but feel that the farmworkers of America have been denied the opportunity to live in decent housing at a time that the rest of society has benefited substantially. Percentagewise, only a very few of the farmworkers in the past 10 years have had a chance to move into decent housing built by programs that are, in the main, financed by the Federal Government. The great bulk of our farmworkers live in totally inadequate conditions.

I remember a number of years ago down in my old district, the 38th Congressional District, when I was a Member of the House of Representatives, I went to Coachella Valley and saw a farm labor camp in which workers and their families were housed in one room approximately 10 feet by 10 feet with no indoor plumbing. They had to use outdoor communal toilet facilities. They had to use communal showers. As a result, they had a disease rate that was much greater than the population as a whole.

I had a monseigneur take me through the camp and he had indicated to me that he had counseled two or three mothers the preceding year about the problem of incest just simply because they had families of up to 10 people living in one room 10 by 10 feet.

That camp was torn down, and as a result of the Federal Government's initiatives in the area, we were able to build a new housing development down there in which the farmworkers are not living in luxury, but they are living in decent housing conditions. There are two-bedroom and three-bedroom houses and there is indoor plumbing, and they do not have the dehumanizing impact of having children and their parents having to go, as I say, to these common facilities outside. They cook and they can refrigerate food in their own homes.

When one thinks that the conditions I described down in the Coachella Valley farm labor camp are repeated all over this country a thousandfold, it makes one realize that although we have done a lot to improve the standard of living of the great majority of our citizens in the past 15 or 20 years, there has been a group that has been pretty well left out; that is the farmworkers. I do not think that it is asking too much to ask that we increase the appropriation from $5 to $17.5 million to take care of just a fraction, a few of the hundreds of thousands of farmworkers that we have in this country.

Ten years ago, when the Farmers Home Administration farm labor housing grant program was begun, there was a 10-year authorization of $50 million. To date, we have appropriated $32,500,000. The original authorization for the program ends this year. What I am simply asking is that we increase the appropriation from $32.5 million of authorization to $50 million of authorization that was felt appropriate back in 1965.

I know that there are some who will say that this is too much money, but I cannot help but think that, when we pass multibillion dollar defense appropriation bills, that $17.5 million seems very little. I just cannot believe that there is a program that is going to bring a greater benefit to the people that are going to be served than this Farmers Home Administration farm labor housing program which will give to our farmworkers an opportunity to have a decent place to live and to bring up their children.

Since 1966 Congress has appropriated $32.5 million in the grant program, and this amount has been used to construct or repair approximately 8,000 units of family housing, and additional units capable of housing 4,000 individual workers.

So I would ask my colleagues in their evaluation of what are appropriate expenditures for the coming year to give maximum consideration to this program, because of the people who are going to be benefited. If we are going to balance the budget, let us make our cuts in areas where we are not going to have such a dramatic impact upon human happiness and upon human living conditions.

Mr. President, I would like to add Mr. NELSON and Mr. HATHAWAY as cosponsors of this amendment.

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

Who yields time?

Mr. FONG. Mr. President, I yield myself such time as I may need.

I want to start off by saying that the administration did not request any money for this program. They justify their failure to make a request for funds by saying that each year more families settle out of the migratory stream and put down roots in a community, even though they continue to do seasonal farm labor. Such families need permanent housing, and many are becoming homeowners through other housing programs.

One percent farm labor housing loans, with a grant provision of up to 90 percent of the development costs for organizations, is a very costly grant and subsidy program.

No funds are requested in 1975, because it is believed the Government's proper role can best be served by other programs.

Furthermore, with increased income to farmers, loan funds on the open market should become more available for this type of housing.

Mr. President, when we consider that we increased the appropriation bill this year by nearly $3 billion over that of last year, so that we have a total bill this year of $13.5 billion, we can see that the committee has done very well by many of these programs.

Certainly we could increase the amount of money for every program that is before us. There are many, many worthwhile programs. This is a very worthwhile program from my standpoint, but the administration has not seen fit to give any money for this program or to ask for any money for this program.

The House, in its wisdom, has appropriated $5 million, and the committee, after going over the evidence, considered this matter very, very carefully and has come to the conclusion that it should agree with the House, and provide $5 million for this program when no money has been requested for it.

I think when we look at the whole budget, the whole appropriation bill, the funds embodied in this bill, we can see that the committee has done very well, and we have got to balance this program with many of the other programs that require funding.

I believe the sum of $5 million—together with what has been said by the administration, that many, many of these migratory families are now putting roots into various communities and buying their own homes—which we have provided here is a reasonable sum and the committee, I believe, has done pretty well by this program.

The PRESIDING OFFICER. Who yields time?

Mr. TUNNEY. Mr. President, I would just like to point out that in February of 1973 the Farmers Home Administration released a study which indicated it had identified 400 counties that urgently needed a total of 130,000 units to house migrant workers and also other farmworkers who were working on a seasonal basis in the fields. Their survey revealed that about 65 percent of the migrant workers in these counties needed new or improved housing.

Just recently in Orange County of my State it came to my attention that the grand jury found a camp located there, which camp was being provided by a leaseholder of the U.S. Government for agricultural purposes; and, although this particular camp was not registered, about 60 farm laborers were permitted by the leaseholder to live on the premises

in three structures: One was a dilapidated shed; one was an ancient bus; and one was an abandoned shed, and all three were unfit for human habitation.

There were gross violations of sanitary and safety regulations; gross violations of the electrical code. Wiring in the shed, for instance, was a fire hazard.

The only thing I am trying to say is that there probably is no group of Americans, with perhaps the exception of the American Indians, who have worse living conditions than migrant workers, and that all a person has to do is to go to one of these migrant worker camps anywhere in the country, in the South, the Southwest, Northwest, Northeast—those are places I have seen some of those migrant camps, I cannot speak for the Midwest—but the places that I have seen indicate that the citizens, the workers who are living there, are living in abominable conditions.

I can only point out that it costs around $6,500 to keep a person housed in a Federal penitentiary. What we are doing by allowing these terrible conditions to persist in these farm labor camps is to cost the American taxpayer far more dollars in future years when these boys and girls grow up and, as a result of the inhuman conditions under which they have survived in their early years, on occasion, and more frequently than the average citizen, go into a life of crime or, perhaps, end up on welfare.

So I just think it is the best money we can possibly spend. I think the bang that you get for the buck is greater than almost any other place in the Federal budget and, certainly, as much as I would like to see a balanced budget this year, I think this is the worst place to cut.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, how much time do we have left on the committee side?

The PRESIDING OFFICER. The Senator has 12 minutes remaining.

Mr. McGEE. I yield myself 3 minutes and then I will be prepared to yield back my time.

Let me just say to my colleague from California that I agree with him completely that this is a most deplorable area. I visited some of the migrant camps we have in the farm labor areas, and we can make no excuses for them.

The committee felt, however, that with the many increases that were made in programs for which there was a basic increase requested by the Office of Management and Budget—and I refer to insured farm labor housing programs where there is $10 million specified—where we allowed $20 million in direct loan programs in areas of this sort, which would also apply to farm labor, not alone, but because of the dimensions of the problem, we felt we could not segregate those into individual chunks of the larger problem. Because of the other programs in which we sought to allocate in the perspective of the total overall agricultural picture, we went a long way by starting with nothing, no requests, and going for the $5 million.

None of it in any of the categories I have referred to or any of the other categories, REA or rural telephones or any place else, is enough, but we had to take what was the responsible target and try to allocate, as wisely as we could as mortals, the relative proportions in regard to the larger context. We felt that we more than stood up for this gnawing, gnawing need for farm labor housing.

In the light of that, I would hope that with this superb case that the Senator from California has made, and the dramatization of the stark disgrace of many of the conditions that he would abide by the committee's judgment that we think there is movement. We are moving. In none of the areas are we moving in totality, because we just do not have that much with which to play, or invest, or commit. So in the context of the larger movement, I do believe that the committee made a very fair allocation here.

Mr. TUNNEY. I recognize the problem that each committee has in trying to divide up the pie. I just think that the human suffering in each farm labor camp is greater than any other economic factor in our society. I cannot help but feel, having represented now for 10 years a very large number of farmworkers, and having had an opportunity to go to the camps, and having talked to the children of those camps, and seeing their mothers and fathers, and having some relationship with them, as we talked about their hopes for their children, and the type of food they were eating, and the lack of sanitary conditions in those labor camps, that the best allocation of funds that we could have in this bill would be for a greater assistance in this particular area.

I recognize that the committee has done the very best job it could, and I know they have a great many types of programs that pull at the heartstrings, and every time they make a cut they feel they are taking away from those who are needy and deserving.

Last year we appropriated $7.5 million for this program, and now we are cutting it back to $5 million. I have talked to farmers in my State who feel that perhaps the best allocation of funds we could have would be for these kind of houses, to keep the workers happy and satisfied.

Mr. McGEE. I would like to say this $5 million is in there because of the Senator from California, because he has been so eloquent and persistent in not letting this question die over the accumulation of several years, and that is why it is in there.

So that it is not cutting it down; it is adding it up. It was not there at all. Thanks to the Senator from California, it is now there to the tune of $5 million.

Mr. HART. Mr. President, I trust the brevity of my remarks in support of this amendment to add funds for the domestic farm labor housing program will not be interpreted as a less than all-out endorsement of the amendment.

However, because the facts are clear, no long explanation is needed.

A survey made by the Farmers Home Administration, which administers the program, shows a need of more than 100,000 housing units for farmworkers.

The administration requested no funds for this program; the House approved and the Senate Appropriations Committee recommends $5 million be appropriated.

If my mathematics is correct, that sum would finance construction of about 1,300 units, hardly a dent in the need.

Those are the facts, and I urge Congress respond by increasing the appropriations for this program to the full authorization—but still inadequate—figure of $17.5 million.

To those who might argue that any increase in Federal spending might be inflationary, I would suggest that recession rather than inflation is the problem facing the Nation's housing industry.

To those who do not find that argument persuasive, I would suggest further that a halt in all nuclear testing or halt in developing still more "effective" nuclear weapons would more than offset this small increase and probably do more to increase the security of our Nation at the same time.

Mr. KENNEDY. Mr. President, I rise today as a cosponsor of the amendment introduced by Senator CRANSTON and Senator TUNNEY, which would increase the appropriation for the Farmers Home Administration's farm labor housing grant program from $5 to $17.5 million, an increase of $12.5 million.

This program provides up to 90 percent of the cost of construction of clean, decent housing for domestic farmworkers in grants to governmental or private nonprofit organizations. Housing is offered to low-income farmworkers at rents they can afford. In addition loans can be made for the remainder of the cost at 1-percent interest repayable over 88 years.

Since 1966, Congress has appropriated $32.5 million for the grant program, which has been supplemented by $32.8 million in loans. In this period, 8,000 family housing units and 4,000 individual housing units have been built or repaired with funds from the farm labor housing program.

This is an average of approximately $5,000 per home. The urgency of the need for increased congressional support of this program is underlined by the Department of Agriculture's own estimate that 130,000 housing units are needed immediately to provide adequate living conditions for the Nation's nearly 5 million migrant and seasonal farmworkers and their families.

Domestic farmworkers are among the poorest of our country's low-income workers. In 1972, the average seasonal farmworker had an annual income of only $2,019.

But the poverty of farm laborers goes beyond substandard wages to include the most disgraceful housing conditions in the Nation. The average migrant home consists of two rooms for a family of 6.4 people. These homes are located in farm labor housing camps where in all too many cases little or no effort is made to provide sanitary conditions.

We had a tragic example of the neglect of sanitary needs in a farm labor camp in March 1973 when a typhoid epidemic broke out in a farm labor housing project in Florida. The epidemic, which hospitalized more than 200 workers, was caused by undetected pollutants in the camp's communal water supply.

The farm labor housing grant program is not receiving the kind of support it de-

serves in the light of such deplorable conditions. Instead, the administration has twice asked for zero appropriations. In fiscal year 1974, the administration impounded 90 percent of available funds for the program. Those funds were only released and obligated after a lengthy legal suit by projects whose continuation was threatened by the administration's action. Congress, though it authorized $50 million for the program for the period ending October 1, 1974, has appropriated only 65 percent of that sum. A total of $17.5 million remains currently authorized and available for appropriation. The Senate has already expressed its support for the farm labor housing grant program in passing the Housing and Urban Development Act of 1974, currently in conference, in which the Senate extended the program and increased the authorization by $25 million in fiscal years 1975 and 1976.

The demand on available funds in fiscal year 1974 has demonstrated the need to expand the funding of the farm labor housing program and reaffirm our determination to provide decent housing for all Americans by appropriating the full authorization of $17.5 million for this program.

I therefore join Senator CRANSTON and Senator TUNNEY in urging that this amendment be adopted.

Mr. CRANSTON. Mr. President, I rise in support of the amendment offered by my colleague from California (Mr. TUNNEY) to increase the appropriation for the farm labor housing grant program administered by the Farmers Home Administration.

This program was designed to meet the special housing needs of our hired farm labor force, yet it has consistently been underfunded and therefore inadequate to meet a reasonable level of the need for such housing. I need not remind this body that farmworkers' incomes are far below that of other workers. Even with recent improvements in farmworker wages, the gap between what the average farmworker earns and what he needs to meet basic living necessities is still enormous. Until there are better jobs to fill during the slack periods between harvest, annual incomes of those workers who harvest our food will remain inadequate.

Congress recognized these grim facts when it passed the farm labor housing grant program in 1964. In 1970, Congress substantially amended this law to enable public bodies and nonprofit organizations working on behalf of farmworkers to receive grants of up to 90 percent of the development costs of housing rented to farmworkers. Again this year, in the housing bill now in conference, it is proposed to amend the program to permit the Farmers Home Administration to provide rent supplements for the units constructed for farmworkers.

Even with assistance to the owners in the form of grants, the rents which must be charged to operate and maintain these housing units often exceed what the farmworker tenants can pay. Recognizing this, the housing bill now in conference will make it possible for the Farmers Home Administration to provide assistance in the form of rent supplements. And by increasing the authorization for appropriations in the 1974 act, we reflect our intent that the program must be stepped up to produce units at a much faster rate than has occurred in the past.

The 1974 act will authorize $25 million for each of the fiscal years 1974 and 1975. This is in addition to the $17.5 million that remains of the previous authorization level which will expire on October 1 of this year. I believe the Senate should recognize its responsibility to provide adequate housing for farmworkers and appropriate all of the $17.5 million for authorization for this program in fiscal year 1975.

My efforts today to increase funds for the farm labor housing grant program are a result of 3 years of work to obtain a more adequate level of funding for this program. In fiscal year 1972 I requested that $25 million be appropriated for this program, although the administration's budget request was only $2.5 million. Unfortunately, in fiscal year 1972, $2.5 million was the total sum eventually appropriated for this program.

In February 1972, I sent a letter to President Nixon—a letter signed by a bipartisan group of 13 Senators—urging the release of $3 million in impounded funds for the farm labor housing grant and loan programs and requesting that $30 million be requested by the administration for supplemental appropriations in fiscal year 1972. At that time the Farmers Home Administration national office had a backlog of $18.7 million in grant requests for which there were no funds available.

In fiscal year 1973, the administration again turned a deaf ear to the housing needs of farmworkers and requested a mere $2.5 million for the farm labor housing grant program. The Senate increased this amount to $10 million, but the final appropriation agreed to by the House and the Senate was only $3.75 million.

In fiscal year 1974, the administration requested no funds for this program! The House recommended $5 million for farm labor housing and the Senate generously recommended $15 million. The final appropriation after conference, however, was only $7.5 million in fiscal year 1974.

The Senate is now considering funds for fiscal year 1975. And once again the Nixon administration has made clear its priorities by requesting no funds for the farm labor housing grant program. The House has recommended the appropriation of $5 million and the Senate Appropriations Committee has reported H.R. 15472 with $5 million for farm labor housing.

The Farmers Home Administration has no exact figures on the backlog of farm labor housing grant requests at the present time. The FmHA advised me that grant applications for this program are not being processed at the national office because the administration decided that this program should be discontinued and therefore requested no funds for the fiscal year 1975. The latest available figures are from February 1973, when 19 applications were pending in the National office requesting $28 million in grant funds and an additional $13 million for loan funds, totalling $41 million. Since February 1973, only $10 million of the funds appropriated by Congress have been released by the Office Management and Budget for this program. Thus a backlog of much more than $28 million is certain to exist at the present time.

Mr. President, farmworkers have had enough empty promises. We serve no one when we authorize increased appropriations in one bill and then refuse to appropriate the funds. That brings to mind the scene in "The Grapes of Wrath" where Steinbeck describes a group of starving people watching piles of unsold crops rotting in a field and being prevented from eating it by armed guards. His comment them may be appropriate here:

> There is a crime here that goes beyond denunciation. There is a sorrow here that weeping cannot symbolize. There is a failure here that topples all our success.

Mr. President, I urge adoption of this amendment.

Mr. TUNNEY. I might say that I would like to have a voice vote on the amendment.

Mr. McGEE. I wonder if we might proceed.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. McGEE. Mr. President, I yield back such time as I have on the amendment.

Mr. FONG. I yield back my time.

Mr. MANSFIELD. Mr. President, it looks as if things are piling up.

I ask unanimous consent that when the Senator from Wisconsin (Mr. NELSON) calls up his amendment there be a 15-minute limitation, the time to be divided between the manager of the bill and the sponsor of the amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. McGEE. Mr. President, if we may call up——

The PRESIDING OFFICER. Under the previous order the Senate will now proceed to vote on the amendment of the Senator from Nebraska.

Mr. McGEE. Well, Mr. President, if I may ask a clarifying question with regard to it, having been present at the time those agreements were reached, is it not true that the only agreement was that no votes could be held before 3:30 p.m. today, and that as soon thereafter as we could, we would proceed to this, but not before allowing an interval of 10 minutes on a side to summarize the two cases for the amendment of the Senator from Nebraska (Mr. HRUSKA); because it was much earlier in the day and we wanted a chance to recap.

The PRESIDING OFFICER. The Chair is not aware of any such agreement. But the Senators, of course, may use time on the bill. There is, of course, time remaining on the amendment.

Mr. McGEE. Mr. President, I ask unanimous consent that what was the impression of the two sides now become the operating procedure on this particular amendment.

THE FEDERAL TRADE COMMISSION'S LINE-OF-BUSINESS STATISTICAL PROGRAM SHOULD GO FORWARD AS PLANNED

Mr. NELSON. Mr. President, I rise in opposition to the amendment proposed by the Senator from Nebraska (Mr. HRUSKA) to the appropriations bill, H.R. 15472, which includes, among other things, appropriation for the Federal Trade Commission.

The Hruska amendment, if adopted, would seriously depreciate the usefulness of an important new program of the Federal Trade Commission, the annual line-of-business statistical program.

Before voting on this amendment, every Senator should be aware of the program the FTC has developed, over several years of hard work, and the drastic reduction in the usefulness of that program which would come about if the amendment were adopted.

As recently approved by the General Accounting Office, the FTC program would examine, by means of a carefully drawn, confidential questionnaire, the performance of the 500 largest manufacturing corporations in each of about 230 specified industries.

In the House of Representatives, the number of corporations to be surveyed was reduced from 500 to 250. To its credit, the Senate Appropriations Committee has restored the number to 500. It will be of great importance for the Senate's conferees to preserve this number when this bill reaches conference.

The principal purpose of the FTC's program is to develop reliable data on industries in which huge diversified corporations have become dominant forces. The FTC's questionnaire is ready to be mailed. It would elicit from the largest companies information on a number of financial performance indicators in specified industries. Principal types of information to be obtained are: First, sales or receipts not including transfers to domestic regulated and foreign sections, second, transfers to the domestic regulated and foreign sections, third, depreciation, depletion, and amortization, fourth, materials costs, fifth, labor costs, sixth, other operating and sales costs, seventh, media advertisting expenses, eighth, selling expenses other than media advertising, ninth, research and development expenses, tenth, other general and administrative expenses, eleventh, operating income.

The Hruska amendment would eliminate all but the first of these items, thereby necessitating a complete revision of the questionnaire, which is ready to go, and greatly reducing the significance and usefulness of the program.

THE 500 GIANTS

Mr. President, the 500 corporations that the FTC wishes to have report annually on their profits and certain other financial and operating data, by line of business, are a unique group.

These 500 very special, very particular corporations are world powers. The largest companies in the group are larger in money terms than most of the sovereign, substantial nations of the world. General Motors, for example, in a recent year had annual sales almost as large as the gross national product of Switzerland and somewhat larger than the GNP's of Yugoslavia, Pakistan or South Africa.

The smallest companies in the group, with annual sales close to the $250 million mark, take in more money every year than many of the American State governments collect in tax revenues from all the individual and business taxpayers in the State.

No one can doubt that these 500 corporations affect every American's quality of life—and the lives of untold millions in other countries. To a significant degree, they affect our consumption habits, determine our pollution levels, affect our unemployment and inflation rates, and influence in vast ways the processes and decisions of our political governments—Federal, State, and local.

None of this is necessarily to suggest that the great influence of these giants in all for the worse, or even primarily for the worse. The Appropriations Committee of the House voiced concern in its report—House Report 93–1120, at page 89—that the selection of these giants for the FTC's annual survey programs "seems to imply a prejudgment that bigness is suspect per se."

In fact, it implies nothing more than simple recognition of the obvious fact that these particular enormous companies are more important, more interesting and satistically more significant than any others—and also, unfortunately, a good bit more secretive.

The 500 corporations the FTC wants to have file its confidential annual line-of-business report comprise far less than 1 percent of the population of corporate manufacturers but account for 70 percent of all manufacturing activity in this country. The 200 largest among these 500 giants account for 87 percent of value added by manufacture in the industries marked by heavy concentration—that is, industries in which the four largest firms make 76 percent or more of all shipments, by value.

THE FTC'S PROGRAM

The FTC's new program—modest and long overdue—is simply to require these 500 giants to disclose to the Commission every year—in confidence, for statistical and other restricted use only—a few items of information on their investment and operations broken down along specified, somewhat standardized lines of business.

This country does not now have reliable performance statistics for many important industries. That situation has come about, and gotten worse year by year, because of the increasing size and diversification of the most important manufacturing companies.

My own favorite example is the refrigerator industry. We do not have any reliable information on the average profits in this industry as a whole, because the profit rates of the most important individual manufacturers are a secret and there are no published official statistics.

It is true that refrigerator manufacturers, like all other businesses in manufacturing, file tax returns which indicate company profits. In addition, the largest manufacturers, and a sample of smaller ones, report profits quarterly to the Federal Trade Commission for use in the FTC's quarterly financial report. But the tax returns to the IRS and the quarterly reports to the FTC are filed on a companywide consolidated basis. A company's most important activity—even though it may account for as little as 15 percent of its total sales—determines the "industry" to which the company's entire consolidated operating results will be assigned, for statistical purposes. Additionally, neither the IRS nor the FTC publishes the industrial data at even so broad a level of detail as "Household refrigerators and freezers." Instead, that industry's statistics are lumped with those of many other industries and published under the blanket major industry group heading, "Electrical machinery."

Almost all makers of refrigerators, and other kinds of electrical machinery, today make other products. In fact, some of the most important refrigerator makers are in that industry only incidentally and as a small part of their total operations. So the financial statistics published by the IRS and the FTC are, as the economists put it, first "contaminated" and then "aggregated" beyond all real usefulness.

The contamination comes from two directions: the statistics which are thrown into the refrigerators and freezers basket include consolidated profit data for a lot of diversified-company business that has nothing to do with refrigerators and freezers. And a lot of important refrigerator and freezer statistics do not get counted at all, because they have been consolidated under some other, unrelated heading. Then, of course, the refrigerator and freezer statistics are thrown in with a lot of other equally contaminated data from other industries and the results are published under the heading "Electrical machinery"—an aggregation so broad as to be helpful to no one, even if the information were reliable.

An actual example will illustrate this problem.

A small company in New York, Economic Information Systems, Inc.—EIS—has developed methods for estimating the values of product shipments from individual factories, using publicly available employment data and technical estimates of average output per employee in an industry. The results, when tabulated by computer into company and industry reports, are the best data of the type presently available. While EIS is quick to explain that their accuracy cannot be guaranteed, the eagerness with which these tabulations are being purchased by industry and Government alike indicates the value and importance of even estimated information of this type.

According to EIS, the largest manufacturer of household refrigerators and freezers in the United States is General Motors Corp. GM's 1972 shipments of that product class, EIS reports, amounted to $585 million and accounted for over 25 percent of all shipments of the product class—but for less than 3 percent of GM's own total shipments.

Just once the FTC made a survey of shipments by product class of the 1,000 largest manufacturers. The individual-company results, for the year 1950, were

published in 1972 when they were 22 years old. They revealed that GM in 1950 accounted for over 19 percent of refrigerator shipments by the companies in that survey, but refrigerators accounted for only 2 percent of GM's own total shipments.

From this information, we may be sure that GM's refrigerator profits, along with those of 17 or so other industries in which it is "No. 1" or "No. 2," all contribute to our "motor vehicles" statistics in the IRS and FTC tabulations, and are not included in the "electrical machinery" statistics where they belong. The statistics for both industry groups are thereby distorted.

MOVING MOUNTAINS WITH A FINGER

Value of shipments information is useful. It indicates, in a general way, the relative importance and strength of companies and the industries in which they operate. From the data just cited, we can see that GM is able to move mountains—one-fourth of the household refrigerator industry—using only one finger—that is, under 3 percent of its own total shipments.

But shipments are not the key indicator. In our free enterprise system, the key indicator is profits. EIS does not estimate GM's profits on refrigerators. The Census Bureau does not collect profit information. The summaries of profits by industry that the IRS and FTC publish are too contaminated and too aggregated to be of any great value.

It is to remedy this deplorable situation that the FTC's new program is designed. By collecting product-line data from the 500 largest manufacturers, FTC will be able to produce and publish far more accurate information than anyone has now on what is going on—on an anonymous, statistical-aggregate basis—in "Household refrigerators and freezers" and in 229 other industries.

WHO CARES?

Does it make any difference in the lives of ordinary Americans that there are no reliable statistics on the average advertising costs, labor costs, and profits of the refrigerator industry and other manufacturing industries? It certainly does.

Inflation is the No. 1 concern of most Americans now, and better industrial information would help this country fight inflation. When there are no regular published figures on manufacturing profits, neither the forces of competition nor the forces of regulation can work as they should, in the public interest.

By obtaining the proposed new data from the 500 largest manufacturers, the FTC would produce enormously useful annual tabulations. By using those particular 500 companies, 70 percent of manufacturing activity will be included and tabulated.

But the reduced program proposed by the Hruska amendment would vastly reduce the usefulness of this program. By eliminating from the survey all data except sales, we will lose the most important information we need—information on major cost items and, above all, on profits.

Mr. President, the electorate today looks with disfavor and suspicion on both big business and big government—big government, of course, expressly including the Congress. Big government is increasingly seen by Americans as the handmaiden of big business, dancing to its tune and stepping on the public's toes in the process. The FTC's proposed program could help change that image, but adoption of the proposed amendment could only sharpen it. That amendment must therefore be rejected.

I ask unanimous consent to insert in the RECORD excerpts from the recently published 24th annual report of the Select Committee on Small Business, dealing with the FTC's line of business program, and the 1972 tabulation of estimated shipments by industry of the General Motors Corp., as compiled by Economic Information Systems, Inc. The latter is from the April 27, 1974, issue of National Journal Reports, and was included as a boxed insert in a comprehensive article by Daniel J. Balz on the FTC line of business program, as it stood 3 months ago. I also ask unanimous consent to insert that entire article and four other boxed inserts which were included with the article.

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

EXCERPTS FROM THE 24TH ANNUAL REPORT OF THE SELECT COMMITTEE ON SMALL BUSINESS, U.S. SENATE, JUNE 13, 1974

(S. Report No. 93-931)

* * * * *

CHAPTER VI. CORPORATE GIANTISM, CORPORATE SECRECY AND CORPORATE FARMING

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1. Legislation on corporate information disclosure

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Section 409 of Public Law 93-153,[25] the Alaska pipeline law, transfers from the Office of Management and Budget to the General Accounting Office the responsibility for coordinating and avoiding duplication in the business-questionnaire activities of the independent Federal regulatory agencies. Section 409 was added to the bill [26] by Floor amendments [27] offered by Senators Hart and Bentsen, which were accepted by the conference committee.[28] Interest in the amendments at the time of their adoption was focused primarily on the effect it was presumed they would have on approval of a proposed Federal Trade Commission program to obtain annual line-of-business reports from very large, diversified companies. (That program is discussed later in this chapter.)

C. Oversight of Agency Activities

Two agencies of the Federal Government have long had the statutory power to obtain from America's giant corporations all the information the Government and the public would need to appraise more adequately the efficacy of both regulation and competition within the different industries in which most big companies now operate in some degree of—or often total—secrecy about the details of the operations. They are the Federal Trade Commission and the Securities and Exchange Commission.[57]

From the early stages of its study of corporate giantism and corporate secrecy, your committee's Subcommittee on Monopoly, joined sometimes by the full committee, has urged the agencies to make bolder and farther-reaching use of their powers.

The SEC's efforts to improve its line-of-business reporting requirements in registration forms [58] and, later, in annual reports, [59] have long had especially close surveillance and warm support from Senator Nelson, the subcommittee chairman, [60] although his views on the inadequacy of those efforts have also been forcefully expressed.[61]

During 1973, as pressure mounted both in the Federal Trade Commission and the Congress for more and better line-of-business reporting by corporate grants, the SEC's staff again began to consider further improvements in its own line-of-business reporting requirements. At year end, however, the plans were still in the study and discussion stage.[62] But plans to require that more of the information now contained in Form 10-K reports also be included in the annual reports mailed to stockholders had advanced to the point of a proposed regulation.[63] Although the annual report to the SEC on Form 10-K is a public record, most stockholders rarely see it.

The SEC's powers to require disclosure are, of course, limited to those corporations that offer their securities to the public-only about 10,270 out of almost 2 million American corporations. No such limitation applies to the FTC. It can obtain whatever data it wants, by mandate, from any corporation, except banks and common carriers,[64] and may make public whatever it wishes of such data, "except trade secrets and names of customers." [65] In 1973, the Congress, in ordering the FTC to make a special "crash" study of the operation of the emergency petroleum allocation program, waived the prohibition against its obtaining data from common carriers.[66]

Unfortunately, the FTC has made no use of its power to obtain industry-by-industry data from multi-industrial firms on a regular, systematic basis,[67] and such irregular or imperfect industry-by-industry information as it does obtain from companies is generally published only in aggregate form, with all individual-company information kept secret. As noted in your committee's last annual report, exceptions to the general policy and practice are rare.[68] The exception there mentioned was the publication, in 1972, of partial individual-company data from a one-time survey of data on the shipments values by product class of the 1,000 largest manufacturers of 1950.[69]

A recommendation to the Federal Trade Commission by your committee, in the record for 1972, was that the Commission

". . . should make plans and submit budget requests for the repetition on a regular basis of the Corporate Pattern Survey—a collection of product-line financial information by Standard Industrial Classification from the country's largest corporations. The Survey should be repeated, with improvements and amplifications, in each year that the economic censuses are taken. Individual company data should be released as promptly as possible, and in a form that will be comparable with and supplemental to the economic reports of the Bureau of the Census." [70]

In responding to a request from your committee's chairman, Senator Bible, for a comment on that recommendation, FTC Chairman Lewis A. Engman wrote:

"I appreciate your Committee's approval in Chapter V of the Commission's publication of product line financial data of the 1,000 largest manufacturing corporations. The Commission is currently initiating two new similar programs. The first is a replication of the Corporate Patterns Survey of 1950. The second program is our proposed Line of Business program. This program will generate sales, profits, and other data by Lines of Business that closely correspond to realistic market definitions. The proposed LB questionnaire is currently awaiting clearance by the Office of Management and Budget pursuant to requirements of the Federal Reports Act." [71]

Footnotes at end of article.

The second program mentioned by Chairman Engman, the annual Line of Business program and its report questionnaire, proposed FTC Form LB, have also long been subjects of interest to this committee, especially its Subcommittee on Monopoly. The original Form LB, as submitted to the OMB for clearance in December 1970, and related documents and correspondence were printed in the first appendix volume to the "Corporate Secrecy Overviews" hearings.[72] Subcommittee Chairman Nelson has continued to support the FTC staff's efforts to inaugurate an annual line-of-business reporting program, in general, while opposing one aspect: the plan to keep individual company responses secret.[73] Support of the program, with the same objections to keeping individual-company responses a secret from the public, has also been offered by Senator Hathaway, a member of the Monopoly Subcommittee and chairman of the Subcommittee on Government Procurement.[74]

As originally proposed, Form LB would have been a one-year "pilot program," under which the 102 largest manufacturing corporations—those with assets of $1 billion or more[75]—would have been called upon to report, for the year 1970, their best available information on their "total receipts and net income . . . distributed by each line of business (as listed on the enclosed Reference Sheet) that accounted for either $10 million or 10 percent of total receipts."[76] The "enclosed Reference Sheet" mentioned in the proposed form listed 151 "Lines of Business, by Enterprise Standard Industrial Classification." Among the 151 "Lines" on the list, none were any more narrow and specific than "34.5—Screw machine products, bolts, etc." and "20.87—Bottled soft drinks and flavorings." Others were as broad and general as "00.0—Agriculture, forestry and fisheries" and "37.1—Motor vehicles and equipment."[77]

Despite the extremely broad character of the business lines for which two-item "disclosure" would have been required, and despite the fact that the reports of individual companies were promised confidentiality, the resistance of large corporations and their trade associations was intense.[78] As a result, OMB clearance of the form was not obtained; instead FTC was asked to make some revisions and then resubmit. On October 17, 1973, a substantially revised Form LB was again the subject of discussion at a well attended public meeting of the Business Advisory Council on Federal Reports.

Before OMB consideration was completed, however, Congress enacted the legislation, discussed earlier in this chapter, which transferred the function of overseeing questionnaires of the FTC and other independent Federal regulatory agencies to the General Accounting Office. In late March, 1974, the FTC had referred a still further revision of the form to the GAO for its consideration.[79] As reformulated, the LB program would require 500 of the largest U.S. corporations to provide the FTC annually with financial data, for each of about 230 lines of business, covering (1) sales or receipts not including transfers to domestic regulated and foreign sections, (2) transfers to the domestic regulated and foreign sections, (3) depreciation, depletion and amortization, (4) materials costs, (5) labor costs, (6) other operating and sales costs, (7) media advertising expenses, (8) selling expenses other than media advertising, (9) research and development expenses, (10) other general and administrative expenses, (11) operating income.[80] The information would be published only in statistical aggregates, with individual-company data held in confidence.

FOOTNOTES

[25] Act of Nov. 16, 1973. Pub. L. 93–153, 87 Stat. 576; note 15, above.

[26] S. 1081, 93d Cong. 1st Sess.; note 15, above.

[27] Cong. Rec., vol. 119, pt. 19, pp. 23948–23952 (remarks of Senators Hart, Jackson et al.; Roll Call No. 290); Cong. Rec., vol. 119, pt. 19. pp. 24084–24086 (remarks of Senators Bentsen and Hansen, adoption of amendment without a roll call).

[28] While the Houses did not adopt provisions comparable to the Hart and Bentsen amendments in its original version of the Alaska pipeline bill, H.R. 9130, the Senate provisions were included in both of two conference reports: Conference reports to accompany S. 1081. H. Rept. No. 93–617 (Oct. 31, 1973), and H. Rept. No. 93–624, 93d Cong., 1st Sess. (Nov. 7, 1973). Pp. 18–19, 23, 31–32 of the final conference report contain text and discussion of the Hart and Bentsen amendments.

* * * * *

[57] Excerpts from the statutes and certain executive orders pertaining to the FTC are collected in Hearings on the Role of Giant Corporations, Pt. 2A—Appendixes, pp. 1743–1747. Excerpts from the statutes pertaining to the SEC are similarly collected: Ibid., Pt. 2B—Appendixes, pp. 2081–2111.

[58] Hearings before subcommittees of the Senate Small Business Committee on Planning Regulation, and Competition: Automobile Industry—1968, 90th Cong., 2d Sess. (1968), pp. 897–901; Hearings before the Subcommittee on Monopoly of the Senate Small Business Committee on the Role of Giant Corporations in the American and world Economies, Pt. 1A—Appendixes, Automobile Industry—1969, 91st Cong., 1st Sess. (1969), pp. x-xii, 757–233.

[59] Hearings on the Role of Giant Corporations, Pt. 1A., pp. 834–867; Ibid., Pt. 2B, pp. 2111–2119, 2209–2212, 2648–2655, 2692–2792. Footnote 5, above, and accompanying text contain additional discussion and citations.

[60] Letters from Senator Nelson to chairmen of the SEC appear in Hearings on Giant Corporations, Pt. 1A, p. 759; and Part 2B, p. 2111.

[61] Ibid.: also note 5, above.

[62] Les Gapay, "SEC Staff May Seek to Expand 10K Report To Improve Line-of-Business Breakdowns," the Wall Street Journal, Jan. 14, 1974, p. 4.

[63] Les Gapay, "SEC Moves to Force Corporations to Put More Financial Data in Their Annual Reports," the Wall Street Journal, Jan. 11, 1974, p. 26.

[64] Federal Trade Commission Act, Act of Sept. 26, 1914, c. 311, sec. 6(b), 38 Stat. 721; 15 U.S.C., sec. 46.

[65] Ibid, sec. 6(f); 15 U.S.C., sec. 46(f).

[66] Emergency Petroleum Allocation Act of 1973, Pub. L. 93–159, sec. 7 (b).

[67] The two recurring analyses made by the FTC of "industrial" performance—the "Quarterly Financial Report for Manufacturing Corporations" and the "Rates of Return in Selected Manufacturing Industries"—both assign the survey companies to an "industry" on the basis of their most important activity, rather than obtaining from diversified companies separate data on each industry. Specimens of each of these FTC services are reproduced in Hearings on Grant Corporations, Pt. 2A—Appendixes, pp. 1881–2024.

[68] Senate Small Business Committee, Twenty-Third Annual Report, pp. 96–97. (The analysis by the committee's staff of the Federal Trade Commission's report referred to in the annual report, has not been published as of this report but is retained in the committee's files.)

[69] Bureau of Economics of the Federal Trade Commission, "Value of Shipments Data by Product Class for the 1,000 Largest Manufacturing Companies of 1950" (1972).

[70] Senate Small Business Committee, Twenty-Third Annual Report, p. 100.

[71] Letter to Senator Alan Bible, Chairman, Senate Small Business Committee, from Hon. Lewis A. Engman, Chairman, Federal Trade Commission, dated Oct. 10, 1973. (The complete letter is published in appendix P of this report.)

[72] Hearings on Giant Corporations, Part 2A—Appendixes, Corporate Secrecy: Overviews, pp. 1821–1852.

[73] Letter dated Oct. 15, 1973, from Senator Nelson to Mr. David E. Hulett, Statistical Policy Division, Office of Management and Budget.

[74] Letter dated Nov. 6, 1973, from Senator Hathaway to Office of Management and Budget.

[75] Minutes of Jan. 21, 1971, meeting of panel of OMB's Business Advisory Council on Federal Reports, as reprinted in Hearings on Giant Corporations, Pt. 2A, p. 1835. The number of companies required to respond to the form would have been increased a little each year, after the first-year pilot program and form revisions.

[76] Ibid., p. 1822 (original Form LB).

[77] Ibid., pp. 1824–1827.

[78] Ibid., pp. 1845–1852 (business comments on first proposed Form LB).

[79] Federal Trade Commission press release dated Mar. 27, 1974. "Commission Approves Line-of-Business Program," with text of FTC Form LB appended. Bailey Morris. "Biggest Firms Facing New Form," Washington Star-News, Mar. 29, 1974, p. A–16.

[80] Ibid., also: "GAO proposes regulations governing FTC's line-of-business proposal," Antitrust & Trade Regulation Report, No. 650, Feb. 12, 1974, p. A–22.

[From National Journal Reports, Apr. 27, 1974]

BREAKING DOWN GENERAL MOTORS

Most large corporations treat financial data like classified federal documents. By their lights, indiscriminate release of such data is as potentially damaging to the free enterprise system as the release of state secrets to foreign governments. One organization which is trying to pierce the shield of corporate financial secrecy is the Economic Information Systems (E.I.S.), a small, relatively new organization based in New York City. In a statement filed with the Office of Management and Budget in support of the Federal Trade Commission's line of business proposal, EIS included the table shown below. Through a study of publicly available documents, EIS reconstructed the value of 1972 shipments made by General Motors Corp. on the basis of 28 different product lines. EIS concluded that in 18 of those categories, the auto giant ranks as either the first or second company in the nation. NJR attempted to verify the figures with General Motors, but a spokesman in GM's Washington office, Frank Farone, said the company does not reveal such data. In its own printed comment on the chart, EIS said, "The . . . estimates are taken from the EIS Datafile covering some 115,000 manufacturing plants with over 20 employees owned by some 75,000 firms with more than $500,000 in sales. EIS shipment estimates are obtained as follows: For any given four-digit (Standard Industrial Code) industry, the employment associated with one or more company plants in that area is converted into shipments on the basis of judgments by EIS about the relation of the company's productivity performance in that industry to industry-wide productivity levels reported annually by the Census Bureau."

Standard industrial code	Product	Shipment value, (millions) 1972	Percent of United States (1972)	Percent of GM (1972)	Ranking within industry
2396	Automotive and apparel trimmings	$135.0	14.21	0.61	1
2441	Nailed wooden boxes and shook	2.0	.67	.01	23
2751	Commercial printing, ex-lithographic	3.6	.08	.02	138
3079	Miscellaneous plastics products	5.8	.08	.03	211
3321	Gray iron foundries	452.7	13.94	2.05	1
3322	Malleable iron foundries	113.3	25.18	.51	1
3361	Aluminum castings	85.5	7.13	.39	2
3391	Iron and steel forgings	147.7	9.23	.67	1
3429	Hardware, not elsewhere classified	448.5	16.30	2.03	1
3433	Heating equipment, except electric	2.2	.12	.01	135
3461	Metal stampings	1,154.4	15.40	5.23	1
3519	Internal combustion engines, not elsewhere classified.	517.4	17.24	2.34	1
3531	Construction machinery	96.2	1.93	.44	10
3544	Special dies, tools, jigs, and fixtures	33.0	1.22	.15	1
3562	Ball and roller bearings	$214.1	15.39	.97	2
3621	Motors and generators	1.8	.06	.01	118
3632	Household refrigerators and freezer	585.0	25.68	2.65	1
3642	Lighting fixtures	140.0	6.21	.63	1
3643	Current-carrying wiring devices	149.9	11.10	.68	1
3651	Radio and TV receiving sets	490.0	12.19	2.22	2
3662	Radio and TV communication equipment	163.3	1.81	.74	14
3679	Electronic components, not elsewhere classified	10.5	.17	.05	97
3691	Storage batteries	149.6	18.12	.68	1
3694	Engine electrical equipment	657.2	36.51	2.98	1
3713	Truck and bus bodies	113.1	8.87	.51	2
3717	Motor vehicles and parts	15,655.5	31.29	70.94	1
3741	Locomotives and parts	540.0	90.00	2.45	1
3955	Carbon paper and inked ribbons	1.1	.48	.....	27

[From National Journal Reports, Apr. 27, 1974]

ECONOMIC REPORT/FTC SCHEDULES EXPANDED BUSINESS REPORTING DESPITE PROTESTS

(By Daniel J. Balz)

(Manufacturer protests that more detailed reporting on their products and profits would cost too much and might leak into the hands of competitors are falling on deaf ears at the Federal Trade Commission. The FTC will, within a few months, start asking the nation's top 500 manufacturers to report by line of business rather than under the present system in which bread products are sometimes listed as electrical machinery. Only the General Accounting Office, which now is reviewing proposed questionnaires, could stop the project and it is not likely to do so.)

Within the next few months, the Federal Trade Commission is expected to start looking into the books of the nation's 500 largest manufacturers for financial information the companies say does not even exist.

The commission says that to improve the profit statistics now published in its *Quarterly Financial Reports* and to provide a more realistic structural picture of the U.S. economy, it needs to know more about the big manufacturers.

Specifically, it wants to know how much these firms sell, how much they earn, how much they spend on advertising and sales promotion, and how much they invest in research and development. But instead of asking for the figures on a companywide basis, the FTC will require the companies to break down the numbers for almost every product they manufacture.

Disbelief: In the lingo of economists, accountants and statisticians, this is known as "line of business" or "product line" reporting. The companies say they do not and cannot keep books that way, and the basic rub in the fight which has raged for three and a half years is that the FTC simply does not believe that.

That skepticism has pushed the FTC into a tough-talking mood. It is best reflected through Lewis A. Engman, the FTC's young chairman.

"I'm not going to get into any name-calling over this," he said recently. "But I find it difficult to believe that they (the companies) don't have reasonable estimates of this already."

Even if the companies admitted having the information—or the ability to produce it—they would not turn it over willingly to the federal regulatory agency which was created to assure competitiveness in the marketplace. And that is perhaps the major reason the companies are not believed when they protest.

In turn, the companies do not believe the FTC when it says that the data will be made public only on an aggregate or industry basis. No individual company figures will be released, according to Engman. But as he said, no one can give businesses an ironclad guarantee that none of the information will ever find its way into public view, and that is enough to convince the business interests that in the future, all of it will become public.

Familiar ground: Since January 1971 the two sides have been arguing. After multiple revisions of an FTC questionnaire, the arguments on each side remain exactly the same.

The basic issue is that the government wants the information and the companies do not want to give it up. Business interests have mounted an intensive and persistent campaign to kill the entire proposal and they have staked their case on four principal points:

The information does not exist.

To produce it would cost companies hundreds of thousands of dollars.

Even if it could be produced, the information would not be very accurate and could create more problems than it solves.

Companies fear that if the figures fell into the hands of competitors, that could hurt profits.

But the FTC is as committed as it was three and a half years ago to getting the data, and as business rehashes the same arguments, the FTC has moved within reach of its goal.

Newest proposal: The latest form of the proposal was unveiled March 27. From there it went to the comptroller general for review. He and his staff at the General Accounting Office (GAO) have 45 days to decide whether the form requests statistics that already are gathered by other federal agencies or whether responding would create undue burdens on the companies.

After GAO comments, the FTC can incorporate suggestions into a new form before mailing it out. But the commission is not required to accept the GAO recommendations.

Pipeline bill: The Alaska pipeline bill (87 Stat 576), passed by Congress on Nov. 13, helped to break the logjam on the line of business proposal. Until then, the Office of Management and Budget (OMB) had final clearance authority on the form and it had proved itself a tough taskmaster. But the pipeline bill exempted regulatory agencies from the OMB clearance process and gave to GAO a more narrow review authority.

There has been some disagreement over the extent of GAO's authority, but lawyers from there and the FTC agreed recently that GAO could not delay implementation of the form.

Given the schedule set out by the FTC, companies could begin getting forms in the mail by early summer.

FTC POSITION

The FTC says it needs more detailed data on company profits so that it can do a better job of investigating and evaluating the structure and competitiveness of the economy.

"We believe that information on profitability is highly relevant to an evaluation of economic performance," said James M. Folsom, acting director of the FTC's Bureau of Economics.

"The data currently available is no good with the degree of diversity in industry."

Diversity: That diversity has been an increasing problem, brought on by the many corporate mergers and acquisitions of the past decade. The increased diversification of big companies has helped to obscure the actual structure of a variety of industries, and it has magnified the existing problem of trying to classify a complex economy with elementary classifications.

Sales and profits figures now are published in the commission's *Quarterly Financial Report* under 31 broad industry categories. But the commission found those categories are too broad to be meaningful, and that as companies began producing a variety of products, and as they acquired companies which made entirely different goods, the purity of the industry data diminished.

Because the categories in the *QFR* are defined so broadly, the relationship of figures lumped within any one of them often is quite limited.

Electricity: In its statement supporting the latest line of business proposal, the commission illustrated the problem: "Consider the *QFR* category, 'Electrical Machinery, Equipment, and Supplies.' Its use results in the intermingling of data for such diverse products as transformers, clothes, washers, lighting fixtures, semiconductors and batteries. The only relationship of these products which is apparent is that they have a common tie to the technological phenomenon of electrical power. That . . . is of no help in establishing meaningful market boundaries."

Conglomerates: The problem is further complicated by company diversification. For example, the sales and profits of Continental Baking Co. find their way into *QFR* under the category of electrical machinery. That is because Continental Baking is owned by International Telephone and Telegraph Corp. Likewise, figures on Frigidaire refrigerators and freezers are lumped in with statistics on the auto industry because they are produced by General Motors Corp.

So bad is the problem that the FTC staff concluded that at least one-third of the sales included in each of the 31 industry groups come from some other industries.

For many companies, the "primary" line of business may account for less than 20 per cent of its total activity, but all its financial figures are included under that primary category.

"The line of business is an attempt to obtain data on a larger number of lines," Folsom said, "which would be substantially cleaner than the *QFR*."

SEC figures: Other than *QFR* figures, similar information is available only through the Securities and Exchange Commission (SEC). The commission requires companies to file annual reports (SEC Form 10–K) and asks them to break down the figures on a line

of business basis. But the SEC allows the companies to define the lines themselves, making the figures, in the eyes of the FTC, "essentially useless."

Often those lines are defined so broadly that they reveal nothing. Procter and Gamble Co., for example, lists everything under one line of business, "household products," even though it makes everything from potato chips to tooth paste, and owns one of the largest coffee companies (The Folger Co.) in the country.

Ford Motor Co. reports two lines of business to the SEC: automotive operations and "all other," even though it listed 64 different product lines in a statement opposing the FTC form.

"There is no way to put together good profit data (from SEC figures)," Folsom said, "and the SEC indicated that their data was not good for our needs."

FTC proposal: To rectify the problem, Folsom and his staff want to require the 500 biggest manufacturing corporations to begin filing sales, profit, advertising and R&D figures for 219 different manufacturing product lines.

This is a considerably less ambitious project than one outlined in the proposal of last August. That plan would have required 2,000 firms, both manufacturing and nonmanufacturing, to report on the basis of 455 different product lines.

And while the FTC would prefer the companies to report strictly along those lines (which are based on products defined by the Standard Industrial Classification code, or SIC), it would allow the companies to lump all the activities of one "business segment," or plant, under one product line, even if several products are made there. This is essentially the way companies report to the Bureau of the Census for the annual Survey of Manufacturers.

This was done after firms protested that they could not break down joint costs on individual products. Although the new approach will result in some "dirty data," Folsom estimated that it would reduce the amount of meaningless information in the figures from the current 33 per cent to less than 10 percent. "So we're reducing the garbage and at the same time getting data on 219 different lines of business, rather than the 31 in the *QFR*," he said.

Trade-off: FTC staff members said they were faced with the problem of trying to develop a form that would produce a meaningful picture of the U.S. economy, knowing that the more realistic a picture they wanted, the more difficult it would be for firms to report with any degree of accuracy.

They were trying to come up with the right combination of product lines to meet both goals.

Those products are defined by SIC codes. Those codes categorize the economy in various levels of detail. For example, a two-digit SIC code classification is very general, listing industry categories as "furniture and fixtures," or "fabricated metal products." But a four-digit classification, which is a refinement of the two- or three-digit categories, may break products down into units as small as "public building furniture" or "metal doors, sash and trim."

"Either a four- or five-digit definition is much closer to the notion of the economic marketplace," said William F. Long, the staff economist at the Bureau of Economics who did much of the work on the form's development. "But if you push as far as you can, you do so only at the expense of exacerbating the problems of cost allocation, transfer pricing and the garbage in secondary products (produced in the same plant)."

Cookies and crackers: The compromise was to settle on a basic list of product lines broken down according to a three-digit SIC code definition. But in special areas, the FTC broke products down on a four-digit, or more detailed, basis because they knew the lesser detailed picture would be a faulty one.

In a line both humorous and reflective of the seriousness of the FTC, Folsom said, "We knew that the firms that were big in cookies and crackers were not big in bread." (All would have been lumped together under a three-digit breakdown.)

Even so, some "garbage" is likely. The FTC will be getting data of SIC code 3717, "motor vehicles," which includes not only automobiles, but ambulances, armored personnel carriers and a variety of other vehicles.

Timetable: Companies will be given 150 days after the end of their fiscal year to complete reports. Originally the FTC wanted them returned to 90 days, but companies protested that they had too many other forms to complete during the first 90 days, and the FTC extended the deadline.

Companies' foreign operations are excluded from the reports.

The FTC wants companies to file a limited amount of data for fiscal 1973 and hopes to publish its first set of findings early next year.

In addition to the costs to the companies, the FTC has estimated it will cost taxpayers $305,000 to produce the first year's report. The second year's reporting will cost about $260,000, and the cost in succeeding years is estimated at $187,000.

BUSINESS OPPOSITION

To say that business firms are upset by the FTC's line of business proposal is to treat lightly a two foot thick file of letters on the subject sent to the Office of Management and Budget between August and November of last year.

Nearly all of the more than 400 letters came from big manufacturing firms, and they were universal in their opposition.

So distressed are companies at the prospect of having to report such information to the government that one business lobbyist, who refused to be identified, said corporations were not even willing to concede that the FTC's latest version in the form had improved it.

Business simply does not want any part of it.

Building a case: But to get that point across, business has tried to build a case on several themes, one being cost: no company keeps its books by SIC codes or by product lines and to do so would require an enormous investment ranging up to $1 million for some of the big firms, compared to the FTC's cost estimates of about $10,000–$15,000 per company.

Distorted data: Moreover, business says that even if firms do convert their accounting systems to meet the government's standards, the data produced is likely to be inaccurate.

"We say it will be more distorted than meaningful," said Charles C. Hornbostel, president of the Financial Executives Institute (FEI), an association of financial officers of major corporations.

"They (FTC) are not getting all they need," he added, "but this is not the way to do it. This is going to cost business a tremendous amount of money.

"We're all interested in seeing that government gets the information it needs, but there's a happy medium."

But for most companies, that happy medium would be no line of business form, or on like the SEC's, which allows the companies to define their own product lines.

Technical arguments: In opposing the form, the business community has mounted a sophisticated and technical attack on the FTC's proposal. They have done everything from attempting to discredit the economic theory upon which the idea is based to detailing in long, long letters the problems of breaking down their companies' activities into small segments.

They say they are concerned about the accuracy of the data because they fear it could lead the FTC on wild goose chases. (In contrast, the FTC says it needs the data to prevent drawing false conclusions.)

Contributing to distortions in the data are problems of allocating various joint or shared costs of a corporation. How, for example, can the cost of paying chief executives be allocated among various products? Or, how can the fixed costs of operating a plant be allocated among various products produced in that plant. How can expenditures on basic research and development, which eventually finds its way into various products, be allocated properly among those products?

Another technical difficulty raised by many companies is the problem of fixing "transfer prices" on products produced by one part of the corporation which then are moved to another part of the corporation and used in the production of different goods.

Case study: The case of Deere and Co., makers of farm equipment, is illustrative. In a letter to OMB last fall, Deere's general counsel, Robert W. Weeks, said that the company's operations would be reportable under at least 16 different lines of business.

"Seven of those represent categories of equipment which are marketed together as a complete line," he wrote. "More than 50 per cent of costs related to each of these lines are common to two or more. . . . Conscientious allocation would require separate analysis of various fixed costs at nine marketing units, seven factories and various specialized facilities and staff departments serving the entire company.

"Eight other lines represent various types of construction and industrial equipment made largely in a single factory and marketed again as a single line."

FTC compromise: Some of these difficulties would be removed by the FTC's decision to let companies lump all products made in a single plant under the line of business which accounts for most of the sales, but Weeks' letter points out many of the problems facing the companies being asked to report.

Economic theory: Business groups also have told the government that there are significant differences between measurements of profit by accountants and measurements by economists. In a submission to GAO dated April 15, the Chamber of Commerce of the United States wrote that such differences "are such that it is likely to be misleading to use the one as a substitute for the other."

Hostility toward FTC: The complaints of the business community are neither unfounded nor overly emotional. Most of the comments filed with the OMB or GAO are somber and technical to the point of being unintelligible to a non-expert.

But there is another message which comes through from the multitude of letters: businesses resent the FTC's attempt even to get the data and see it as a direct threat to their way of operating. Instead of seeing the FTC as an agency designed to promote and encourage competition, they see it as one which is trying to meddle with market forces already working successfully.

In a letter to OMB, John D. Harper, president of the Aluminum Co. of America (Alcoa), and chairman of the Business Roundtable, an organization of chief executives of large corporations, wrote: "Such reporting is designed to generate class conflicts and improperly require assistance to them for the purpose of antitrust law enforcement. . . .

"Our free enterprise system depends on our laws to provide rules of conduct and disclosure requirements; the regulatory agencies cannot be allowed to negate the intent of such laws."

Included with the letter was a memo

written to Harper by his corporation's assistant controller, David J. Mahrer, which said, "The FTC takes it upon itself to put the rights of certain groups over others, which we strongly protest. Why should purchasers be given an advantage over suppliers; labor over management, consumers over investors, small businesses over large businesses, and potential competitors over established companies?"

Another executive, Joseph D. Brenner, president and chief executive officer of AMP Inc. of Harrisburg, Pa., wrote: "The real reason the FTC is seeking the line of business reports is the drive to greatly extend beyond its jurisdiction its regulatory authority over business into both business conduct and business structure aspects."

Confidentiality: That tone of hostility stems in part from the business community's belief that the FTC eventually will require companies to release product-line information publicly.

The FTC has pledged that the current program will be used only for statistical purposes, and that any data will be published in aggregated form. No individual company figures will be made public, Engman said.

The forms are not to be made available to other members of the FTC staff who might be working on investigations of anticompetitive practices in industry.

But corporate officials refuse to accept the FTC's pledge. In letters of comment on the form, many of them wrote that they had not been convinced that the material could be kept confidential. They cited problems of future court cases in which the company's own copy of the form might be subpoenaed, or leaks of individual company figures to the press by government officials with an axe to grind.

Engman acknowledged those fears in a recent interview, but said there was no way to give an ironclad guarantee that none of the material would ever be leaked to the press.

Government control: Other business officials said the FTC proposal represented another step in the government's drive to run the economy from Washington.

"There seems to be the assumption that people not involved in business can make decisions better than those who are," said John Post, Washington representative of the Business Roundtable. "The FTC is substituting men in government who will analyze the numbers and substitute their judgment for businessmen. They don't see the need for drive, for the willingness to take risks to make things work."

SKEPTICS OF BUSINESS

Ironically, the business community's constant pounding of the issue of confidentially serves only to persuade proponents of the line of business program that manufacturers are not telling the whole truth about their problems in complying with the FTC proposal.

That, in turn, has contributed to the gulf that has separated the two sides for three and a half years. After thousands of letters, calls and discussions, many fundamental issues still have not been resolved.

Proponents of the program—who include consumer groups, labor unions, some academies, small businesses and government economists—still contend that businesses already have the capability of producing such information.

Contradictions: Skeptics point to what they see as inconsistencies in the business arguments as evidence that companies can comply with FTC proposals.

Mark Silbergeld, a lawyer with Consumers Union of the U.S. Inc. in Washington, said the firms would not worry so much about the possible release of individual company figures if they believed their own statements about the likely inaccuracy of those numbers.

"They can't have it both ways," he said.

Capability: Another proponent of the program, Abraham J. Briloff, a professor at the City College of New York, told a meeting of the Business Advisory Council on Federal Reports last October, ". . . the accounting problems here involved are no greater than those implicit in the financial reporting processes generally and those implicit in various tax determinations. The data requested are already in the corporations' data banks and they require some reprogramming to a degree.

"Demands that are here being suggested for the corporations are not that much different from what it is that is being asked of them in various tax facets where . . . there must be a meaningful sophisticated allocation and reallocation of global profits to different countries and/or to different entities operating in different sectors."

Small businessman: Bernard Evers Jr., president of Sunbeam Bread, wrote OMB to recommend approval, saying, "I hope you will proceed with full steam on this ruling so that those of us who are in small businesses will be assisted. There are many reasons why this is to the public's good. The paramount reason, in our opinion, is the necessity of keeping a conglomerate from underpricing certain products with the motive of driving a smaller competitor out of business.

"The absurd figures I read, given by accountants of these large firms in order to comply with the new disclosure ruling, are ludicrous. We are members of a 120-bakery co-op, and all of us know our product line profits and losses, even down to our individual departments. I'm sure most conglomerates already have access to figures which would let them comply with the new disclosure regulations."

Financial analysts: Stock analysts also want to see the FTC's proposal enacted. They say it would be an invaluable aid for them in studying investment opportunities in industry.

"If you're trying to do any analysis of a company, especially a diversified one, and you're trying to project, if you do it on total company figures, you get meaningless results," said Frances Stone, an economist with the brokerage house of Merrill Lynch, Pierce, Fenner and Smith Inc.

Ms. Stone, who also chairs the Financial Disclosure Accounting Committee of the Financial Analysts Federation, said she thought the companies could produce the data, although it might be costly.

She also rejected the argument used by many firms that disclosure of such data could unduly aid competitors. "My own experience in industry is that all your competitors are watching you so damn carefully that they know your business better than you."

OUTLOOK

Because this gulf exists between the FTC and its critics in industry, there is little likelihood that the differences ever will be resolved.

FTC chairman Lewis Engman has put himself squarely behind the proposal, and is ready to see it implemented even in the face of that opposition from business.

He and his staff are not overly sympathetic with complaints from business about the potential cost involved. As he said in a recent interview, for those companies which do not keep figures resembling product-line accounts, the cost could be fairly high. But he and his staff say the information is so vital, the extra cost is worth it.

Neither are he and others at the FTC overly optimistic about the quality of the data on the first round.

"No one has said the first round data will be perfect," he said. "But I'd be surprised if we don't make changes along the way."

Businesses seem to be staking their hopes on the GAO. The Chamber of Commerce, for example, said that while it recognized GAO's authority was more limited than OMB's had been, it still believed GAO could and should reject the current draft because it is too burdensome for companies and duplicative of gathered data.

GAO officials, who refused to speak for attribution, said they expect to make substantive comments on the report within the 45 days allowed. But they said they recognized the necessity of some kind of useful product-line information and were seeking some kind of solution which would allow the program to go forward.

Despite their consistent campaign against the program, businesses and corporations have been unable to convince the government of the merits of its case. Like a jury faced with persuasive, but conflicting testimony, government officials have concluded that many of the arguments of business are outweighed by proponents of the program (including themselves) who say the information is necessary and that business could produce it with some ease, if it were seen by them as beneficial.

How willingly manufacturers will cooperate with the new program is a question in the minds of many persons working on the case.

When asked whether businesses would cooperate with the program, once implemented, Charles Hornbostel of the Financial Executives Institute, said, "I just don't know what they'll do. There just may be a lot of reports in the file with 'N.A.'—not available—on the lines."

Even if that proves prophetic, once begun, the line of business proposal is not likely to be abandoned, and companies which refuse to cooperate will find themselves continually burdened by government requests for information. As one government economist said recently, if companies do not already keep their books the way the government collects information, they had better start doing so.

WRITING A QUESTIONNAIRE

The Federal Trade Commission's line-of-business reporting proposal has followed a long and rocky road during the past three and a half years. Even as it nears the end, few people involved with the program can agree on why it has taken so long to get from conception to implementation.

There has been constant criticism of the Office of Management and Budget's (OMB) statistical policy division for delaying the proposal, but there is also some evidence that the FTC staff got bogged down internally, partly because of leadership changes at the Bureau of Economics.

A chronology memo, prepared by the Office of Management and Budget, describes the path from the perspective of OMB. Highlights of that memo follow:

On Dec. 1, 1970, the FTC asked OMB to clear a line of business questionnaire which was to be used strictly for statistical purposes.

OMB scheduled a meeting of the Business Advisory Committee on Federal Reports (BACFR) for Jan. 21, 1971, at which business interests bitterly attacked the proposal and expressed special concern about keeping the data confidential.

The OMB staff then met with FTC staff members on Feb. 18, 1971, to discuss the matter. OMB asked the FTC to draft a resolution and guidelines on the confidential treatment of statistical forms. Staff members present also decided, according to the OMB memo, that the entire form would be revised, and that FTC would submit a new version by "early fall 1971." The next meeting noted on the memo took place on July 14, 1971. Again the discussion centered on confidentiality guidelines. A third meeting on the confidentiality followed in December.

OMB requested another meeting with the

FTC staff on Jan. 6, 1972. There OMB staff members suggested to the FTC staff that the line of business form should conform as closely as possible to the existing organizational units of the firms covered by the program.

During this period, another dispute was festering. Business groups wanted to shift the financial reporting requirements to the Bureau of the Census because they had more faith in the bureau's ability to keep the data confidential, and they preferred that it go to an agency which did not have authority over anticompetitive practices.

In discussions with the FTC staff, OMB suggested that perhaps the commission's *Quarterly Financial Report* could be shifted to the Census Bureau, and that the line of business proposal be run separately as a program both for statistical and adjudicative purposes of the FTC.

OMB staff members were concerned with protecting the *QFR* as an integral part of other financial statistics gathered by the government and told the FTC they thought it would be better for everyone involved if the line of business program were divorced from the *QFR*.

The FTC later decided against this recommendation.

In January 1973 the FTC submitted another draft of the line of business proposal to OMB, where staff members concluded that the new one did not meet the requirements discussed the year before. Instead, OMB found that the FTC wanted business firms to report data on the basis of Standard Industrial Classification codes on a detailed basis.

In April, a third draft of the form came to OMB. The memo described the draft as "somewhat confusing." OMB sent the form back and promised the FTC that after the next draft arrived, a meeting with the Business Advisory Council on Federal Reports would be held. The memo notes that the FTC staff "claimed they are looking forward with some pleasure to such a meeting."

That meeting finally was held on Oct. 17, 1973, two months after the proposal had reached OMB. The meeting was nearly a repeat of the January 1971 meeting, and most of the same issues were discussed.

The FTC took the form back for further consideration and put out a revised form in late December. This was sent to more than 60 industry groups and individuals for comment. On the basis of those comments, the current version was produced.

An FTC Budget Challenge

Federal Trade Commission officials ran into some unexpected opposition to their line of business proposal when they testified in Congress on behalf of their fiscal 1975 budget.

Appearing before the subcommittee of the House Appropriations Committee chaired by Rep. Jamie L. Whitten, D-Miss., Lewis A Engman, FTC chairman, and several of the commission's top executives, were grilled by several subcommittee members about the proposal.

The FTC is seeking an extra $1.3 million to shore up its finances which have been reduced because of several major investigations, including a study of major oil companies. If the Appropriations Committee cuts the FTC request by much, the line of business proposal could be affected.

One Appropriations Committee staff member said that most of the questioning centered on business fears that the data submitted might not be kept confidential by the FTC. But the members also asked whether the proposal might not prove too costly for the 500 corporations being asked to respond.

FTC staff members said they were surprised by the tone and intensity of the questioning, and one, who asked not to be identified, said it appeared to him as though the members had been contacted in advance by business lobbyists who are heavily opposed to the entire program.

R. T. McNamar, FTC executive director, said that the issue usually comes up when commission members or staff appear before Congress, but that the amount of time devoted to it this time was more than normal.

He said he did not think the committee would cut the budget enough to threaten the program, adding, "We're so committed to line of business . . . that it would be the last thing to go."

Changing Report Drafts

The following table, prepared by the Federal Trade Commission's Bureau of Economics, compares the coverage of four drafts of the line of business proposal which have been made since December 1970.

	Draft date			
	Dec. 1, 1970	Aug. 3, 1973	Dec. 28, 1973	Mar. 27, 1974
Number of firms required to respond (total)	[1] 1,000	2,000	500	500
Manufacturing firms	[1] 1,000	1,200	500	500
Nonmanufacturing firms	0	800	0	0
Approximate percent of all manufacturing assets controlled by included firms	81	81	71	71
Approximate asset size of smallest firm required to report (millions)	$50	$50	$185	$185
Number of industry categories for which data are requested (total)	151	455	382	228
Manufacturing categories	99	357	374	219
Nonmanufacturing categories	52	98	8	9

[1] This proposal was to involve a 1st year collection of data from only 100 firms.

Source: Federal Trade Commission.

The Business Roundtable . . .

The Business Roundtable . . . Knowing Who's Doing What

The suite of offices is small: an outer room for the receptionist and an inner room for the staff (of one). There is nothing pretentious about the appointments. But the suite houses what could become the most potent business interest group in Washington, D.C.: The Business Roundtable.

Unlike the National Association of Manufacturers (NAM) or the Chamber of Commerce of the United States, the roundtable is selective about its membership. Only chairmen or chief executives of the country's biggest companies need apply.

The roundtable exists as a vehicle for these top executives to get involved personally in government activities which could affect their businesses.

The roundtable's method of operating is different from some other business lobbies. It picks and chooses its issues and its Washington representative, John Post, spends most of his time tracking issues which could be important to the members.

On those issues on which he thinks the roundtable can have an impact. Post tries to persuade the executives themselves to travel to Washington to make their case directly to the policy makers.

But Post is careful not to over-expose executives or to waste their clout on hopeless cases. He said that while he had been following the Federal Trade Commission's line of business proposal, he does not think the roundtable will take a direct role in the issue, particularly now that the authority to review the FTC's draft questionnaire has been taken from the Office of Management and Budget and vested in the General Accounting Office.

"If (Roy L.) Ash (director of OMB) had gotten involved in it, we might have had one (executive) try to talk to him about it," Post said. "But I wouldn't have them see Elmer B. Staats (comptroller general) about it." Roundtable history: The roundtable, which has been around Washington for little more than a year, is an outgrowth of two organizations, the Labor Law Study Committee, formed in 1965 through the efforts of Roger M. Blough, former chairman of the board of U.S. Steel Corp., and the Construction Users Anti-Inflation Roundtable, a group of about 130 companies who "buy" construction, which was organized in the late 1960s when construction prices started rising steeply.

The central theme of the roundtable, Post said, is the effort of chief executives to strengthen the voice of business in society.

"The concept, as explained to the chief executives," Post said, "is that 'You have to know more about Washington, and you have to get involved.' "

The roundtable now has about 150 members, Post said, and each company pays a separate fee based on a formula which takes into account gross revenues and stockholder equity. The fees range from $2,500 to $35,000 annually.

The group takes few positions as a body. Instead, it concentrates on bringing the right executive to the right place at the right time.

"We want to be low key and helpful," Post said. "It's a matter of knowing who's doing what and only getting involved in it if some help is needed."

Congressional staff members who have had contact with Post say he is good at his job. "Post kept in closer touch on wage-price controls than anybody else I dealt with," said one Senate staff member who asked not to be identified. "He was very knowledgeable about every development that occurred. If there was discussion between offices on a new draft of a bill, he knew about it."

Post convinced four chief executives to testify before the subcommittee of the Senate Banking, Housing and Urban Affairs Committee, which was drafting controls legislation. He also arranged for the four men to meet privately with the subcommittee chairman, Sen. J. Bennett Johnston, Jr., D-La., to make their case directly.

Convincing management: Post admitted, when asked directly, that one problem he has had is convincing chief executives of even the largest companies in the country that what the government does affects their operations.

"Many of them don't realize they're entitled to state their own opinions," Post said. "But we're getting more and more of them to come and testify."

He said that many U.S. business executives tend to rely on the NAM or the Chamber of Commerce to carry their fight. "But if the oil companies have learned anything," Post said, "it's that they can't put everything on Frank N. Ikard's shoulders." (Ikard is the president of the American Petroleum Institute.)

Finding a niche: This has made roundtable relationships with the chamber and the NAM somewhat uneasy. Although all three worked together on several recent issues, including wage-price controls, officials

at the chamber and the NAM expressed some puzzlement at the role of the roundtable.

Several meetings have been held between Post and officials of the other two groups to work out a better relationship.

One NAM official, who would not speak for attribution, said he also had been told that some members of the roundtable were not pleased at the expanding role of the group.

Registering: This expanded role has inevitably brought more public attention on the roundtable's activities, and that has forced Post to change one aspect of his approach.

For example, he never has registered as a lobbyist, and when NJR asked him why, he said, "That's a question I kept asking my lawyer."

Post said his lawyer had tried to convince him that he did not engage in enough "lobbying" to be registered, but he said he had asked the lawyer to file the papers recently, "just so the question doesn't keep coming up."

One Senate staff member, who has dealt with Post, said that while the roundtable works like most other business lobbying groups, "It is easy to assume that they speak for business. In fact, they speak only for big business."

Policy Committee: According to roundtable stationery, the following chief executives form the group's Policy Committee: John D. Harper of Aluminum Co. of America; Blough; Fred J. Borch of General Electric Co.; Bert S. Cross of 3M Co.; John D. deButts of American Telephone and Telegraph Co.; Richard C. Gerstenberg of General Motors Corp.

Also, Shearon Harris of Carolina Power and Light Co.; J. B. Jackson of J. C. Penney Co. Inc.; J. K. Jamieson of Exxon Corp.; Reginald H. Jones of General Electric Co.; C. B. McCoy of E. I. du Pont de Nemours and Co.; David Packard of Hewlett-Packard Co.; J. Stanford Smith of the American Newspaper Publishers Association.

Also, Benjamin F. Biaggini of Southern Pacific Co.; Donald C. Burnham of Westinghouse Electric Corp.; Henry Ford II of Ford Motor Co.; Robert S. Hatfield of Continental Can Co.: Brooks McCormick of International Harvester Co.; John G. McLean of Continental Oil Co.; Louis W. Menk of Burlington Northern Inc.

Also, Frank R. Milliken of Kennecott Copper Corp.; Shermer L. Sibley of Pacific Gas and Electric Co.; Donald B. Smiley of R. H. Macy and Co. Inc.; Edgar B. Speer of U.S. Steel Corp.; J. E. Swearingen of Amoco Production Co. (Standard Oil of Indiana); O. Pendleton Thomas of B. F. Goodrich Co.; C. C. Tillinghast Jr., of Trans World Airlines Inc.; Lynn A. Townsend of Chrysler Corp.

Also, Maurice J. Warnock of Armstrong Cork Co.; Thomas F. Willers of Champion International Corp.; F. Perry Wilson of Union Carbide Corp.; J. Robert Wilson of Kansas-Nebraska Natural Gas Co.; T. A. Wilson of Boeing Co.; and Arthur M. Wood of Sears, Roebuck and Co.

Mr. MOSS. Mr. President, this amendment to strike the line of business program goes to the very heart of our inflationary crises in the United States. The Federal Trade Commission has embarked upon a vigorous campaign to combat inflationary practices which have developed as a result of anticompetitive activities in the marketplace. Several years ago, the Commission recognized that it needed better data in order to undertake this program with effective results. At that time, the FTC proposed the line of business reporting program which has been described earlier today.

The Office of Management and Budget continuously rebuffed efforts by the Commission to embark upon the program. Finally, last year the Congress gave the FTC the right to undertake the program without OMB clearance. The House has voted for the program. The Senate Appropriations Committee has voted for the program. Now, the full Senate must vote for the program.

Mr. President, if we do not vote for the program, we can go home and tell our constituents that the Congress is the cause of inflation. Why, because it will not give the necessary tools to the regulatory agency trying to fight inflation. I for one will have a clear conscience.

Mr. President, the Appropriations Committee's action must be upheld, and the amendment defeated.

Mr. FANNIN. Mr. President, on Thursday the distinguished senior Senator from Nebraska made an excellent presentation concerning the line of business reporting provisions in H.R. 15472. I congratulate the Senator for his lucid explanation of this very complex matter.

It is my intention to support his amendment, and I would like to make a few comments on what is involved in this bill.

First, I think we should acknowledge that this bill will have an inflation impact on the American consumers.

The Senator from Nebraska pointed out that the cost to industry of complying with the data reporting provisions would be an estimated $175 million. This is a Government-imposed cost of business which will be passed on to American consumers. So when we pass this bill, we will in effect be billing the American consumers for $175 million in addition to the $305,000 appropriation for the Federal Trade Commission.

Congress in recent years has passed an increasing number of bills which have resulted in considerable costs to the consumers of America. We have gone past the point of nickel and diming the public to pay for Government-mandated costs to industry. The costs are getting very high.

We have added hundreds of dollars alone to the cost of cars by requiring pollution control devices and safety equipment.

We have added to the cost of manufactured goods by imposing environmental controls on industry and through volumes of safety requirements.

We have passed bill after bill increasing the paperwork for business, and it is costly to fill out the mountains of Government forms.

We have increased costs for social security and we have boosted the minimum wage.

Mr. President, each time we pass one of these bills we make an indirect but a very real charge to the American consumer.

In the July 8 issue of Industry Week magazine, Editor Stanley J. Modic wrote an enlightening editorial about what he called "Social Inflation" resulting from Government requirements on industry. I ask that this editorial be printed in the RECORD at this time.

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

SOCIAL INFLATION

(By Stanley J. Modic)

Keep prices down. That's government's charge to business along with government's promise it will practice fiscal and monetary restraint to curb inflation over the long haul.

There is growing concern that fiscal and monetary restraint won't get the job done. A good proportion of current price increases has little to do with economic theories. Rather, they are a direct result of so-called social demands being superimposed on industry via ill-defined legislation and hastily drawn regulations with little or no regard to economic realities.

These social demands—all worthwhile goals—include improving the lot of the poor by raising minimum wages; concern for our elderly by boosting Social Security payments; safer and emission-free automobiles; and cleaner air and water. But somebody has to pay for them. And each has its impact on raising prices. Here's what industry, and business, is up against:

Item: Jeffrey works part-time as a box boy in a supermarket. He is a high school student. To keep his job he had to join the union. For his grocery-packing efforts he earns $2.59 an hour—plus a 50 cent per hour premium for Sundays and all the usual fringe benefits.

Item: Operating costs of environmental control equipment in the steel industry added about $1.25 to the price of each ton of steel shipped last year. To meet the latest proposed air and water standards, operation of the equipment would cost an additional $400 million a year, adding $3.60 to the price per ton.

Item: One auto builder reports the cost of safety and emission control devices has accounted for $495 of the price increases between the 1971 and 1975 models.

Item: A business's Social Security tax bill has increased 106% since 1970, from $374.40 to $772.20 per employee earning at the maximum taxable level.

It does little good for the government to pledge itself to fiscal and monetary restraint while at the same time it follows policies and passes legislation which fuel inflation and mandate price hikes.

Until we face up to social inflation, the outlook for controlling economic inflation is dim.

Mr. FANNIN. Mr. President, if we are going to assess the American people $175 million so that the Federal bureaucracy can accumulate more data, let us at least have some guarantee that the data will be accurate.

It is quite clear that what the Federal Trade Commission proposes will not result in useful data. We will, in effect, be wasting millions of tax dollars. We will be generating some very useless, very expensive data.

Unless there is a consistent way of cost allocation and transfer pricing, the data collected by the FTC will be meaningless.

It is my understanding that the Securities and Exchange Commission considered requiring a type of line of business reporting, but decided to hold off until after a uniform and meaningful system is developed.

The Financial Accounting Standards Board currently is researching this matter and will hold public hearings August 1. The FASB will be seeking the de-

velopment of accounting for segments of business.

Mr. President, the Senator from Nebraska inserted in the RECORD portions of the Comptroller General's evaluation of the FTC program.

This evaluation pointed up the unresolved problems involved. There are no standards for cost allocation or transfer pricing. Various businesses have followed accounting practices which make the most sense to them; perhaps their philosophies of doing business have dictated different accounting approaches.

This is to be expected in a nation which has thrived on free enterprise. There is, in my mind, some reluctance to establish programs which require uniformity of accounting methods because it seems to me to be another step toward suppression of individualism and innovation.

If, however, this data sought by the FTC is to be of any value, it must have uniformity. The Comptroller General points out that what the FTC will get under current circumstances will neither be accounting figures nor economic figures. It will be, in effect, meaningless. It will not be useful in deciding Government policy. Most certainly it would be of little or no use in antitrust actions or in the formulation of policies to foster competition and encourage lower prices for consumers.

Mr. President, the FTC is seeking to build an image as an agency fighting to assure bargains for the consumer.

The $175 million data collection program in this bill would not be a bargain, it would be a waste of tax money. I certainly hope that we will adopt the Hruska amendment which provides a much more realistic approach.

Mr. HRUSKA. Mr. President, this morning in a colloquy between the Senator from Wyoming and me, he yielded back all of his time except 10 minutes. I have 12 minutes left. I will relinquish 2 minutes, saving the 10 minutes on each side preceding the vote. That was in the original agreement which we agreed upon last week.

The PRESIDING OFFICER. The understanding of the Chair is that it was never made an order.

Mr. McGEE. Mr. President, I ask unanimous consent, since the Senator from California has agreed to a voice vote, that we might dispose of his amendment now while it is freshly with us.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California. (Putting the question.)

The amendment was rejected.

Mr. McGEE. Mr. President, to clear up the matter, I ask unanimous consent that there might be 20 minutes remaining before the roll is called on the Hruska amendment, so that the RECORD is clear.

Mr. HARRY F. BYRD, JR. Mr. President, under the parliamentary setup, the Senator from Virginia would like to speak on the bill for 10 minutes at one point or another.

Mr. McGEE. Mr. President, my recommendation to the Senator from Virginia would be that he would want to speak on the bill probably after we have run through the amendments, all of which are pending, in very short order, and we have time left for that.

Mr. HARRY F. BYRD, JR. The Senate has time left for that after the four votes?

Mr. McGEE. After the four votes. I think I have 20 minutes and the Senator from Hawaii (Mr. FONG) has 30 or 35 minutes.

Mr. HARRY F. BYRD, JR. Well, four votes at 15 minutes each; that would be 1 hour. That takes it up to 10 minutes of 5, not counting the 20 minutes the two Senators now seek.

Mr. McGEE. The time on the amendment does not come out of the bill.

Mr. HARRY F. BYRD, JR. I understand. but the unanimous consent agreement provides that we shall vote at 5 p.m.

The PRESIDING OFFICER. Time is now running on the 20 minutes.

Mr. McGEE. I am glad to expend it on that as long as it does not run out.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry. This is a unanimous-consent request that has not been agreed to, so time is not running.

Mr. McGEE. Mr. President, I withdraw my 10-minute unanimous-consent request; the 20 minutes on the bill. Inasmuch as we were proceeding anyway with that time limit I withdraw the request.

Mr. HARRY F. BYRD, JR. That still leaves the Senator from Virginia without time.

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

Mr. McGEE. I guarantee the Senator time. I have time left at the end of the bill.

Mr. MANSFIELD. It is my understanding we have possibly seven rollcall votes. If we were to start voting right now we could not begin to finish by 5 p.m.; therefore, I make two requests.

Mr. President, I ask unanimous consent that the first vote take 15 minutes and all votes thereafter take 10 minutes.

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

Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, at the appropriate time I will make a unanimous-consent request to get a reasonable time beyond the hour of 5 o'clock so that all Members may be satisfied as much as possible.

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

Mr. HRUSKA. Mr. President, I have no further requests for time on my side of the aisle on my amendment.

Mr. McGEE. The Senator has 10 minutes.

Mr. HRUSKA. I understand that. I will take part of the 10 minutes and then close the discussion if there is no contribution from the other side.

The PRESIDING OFFICER. The Senate will be in order so the Senator can be heard.

Mr. HRUSKA. Mr. President, the pending amendment has, for its purpose, the improvement of the quality and the usefulness and reliability of the line-of-business reporting system which is being commenced by the Federal Trade Commission.

Pursuant to the law that was adopted and enacted last November, the reporting system of the Federal Trade Commission was referred to the General Accounting Office for the Comptroller General's review and for his recommendations.

Mr. President, that review did come back. The Comptroller General said it was consistent with the law; that there was no other place in Government that the requested information could be secured. But he attached three provisions to his report: One was that it was a limited approval that he was giving, and it would expire on December 31, next year. The Commission also is required to discuss with business representatives methods of improving the ease and accuracy of the business report, and, further, to explore with the other agencies the possibility of consolidating and coordinating data which has been collected by other agencies.

Mr. President, in the study of this bill and of the reporting system, and the results that would be obtained by it, the General Accounting Office staff determined and found, in a report which was approved by the Comptroller General, that the results of that study and of those reports would be distorted and that this distortion would be very substantial due to the noncomparability of the data across firms.

It found further that the data reliability problems referred to in prior sections of the report will make the initial responses unreliable at best.

Mr. President, the implication is—and there are expressed words in the report stating this—that not only would they be unreliable, but they would be affirmatively misleading. What are we getting into, Mr. President? The purpose of this information is to furnish the basis support for rational policy-planning procedures that are being developed by the Federal Trade Commission.

We were asked to make this reporting system available to the FTC to enable them to analyze the extent of competition, the profitability of different lines of industry, the sales promotion activities and research and development in different lines of business. It is further intended to enable new entrants to come into an industry and to participate in the lush, profitable businesses that will be designated as such in this study. And yet built into this system of reporting, Mr. President, are distortions of substantial character. Built into these reporting procedures are unreliable figures and information—that, by definition, will be misleading.

Mr. President, the major reason for this misinformation is that there are no accounting procedures which are uniform in character which would enable the development of information that would be aggregatable and uniform. Without these accepted principles, there will be nothing but trouble. The purpose of my amendment is to limit the Federal Trade Commission to one category of information, to wit, for each of the companies and lines of business that will be involved in order to limit their inquiry

into sales or revenue in which, even here, there remains some substantial and perplexing problems.

If they can overcome the difficulties of solving those problems in this limited area of reporting which is the easiest of several categories, then they will be better able to proceed. It makes sense, Mr. President. Maybe it is so sensible and so logical, that it will be unacceptable. Sometimes that happens.

It is my hope the Senate will approve the amendment so that we can go forward with assurance that the efforts will be fruitful and that they will be accurate, rather than distorted, arbitrary, misleading and unreliable.

Since I have now touched on the major issues allow me to summarize the discussion to date, and examine the major points, by again reviewing the basic facts involved.

Mr. President, H.R. 15472 provides $305,000 to enable the Federal Trade Commission to conduct an annual line-of-business report. The FTC contends that it needs this information "to investigate the extent of competition in the U.S. economy" and to support "rational policy planning procedures within FTC." This report is designed to obtain from the 500 largest U.S. manufacturing companies detailed and sensitive financial information, including sales, expenses, costs of material and labor, assets, et cetera. Partial information by categories—styled lines of business—on a plant or establishment basis is required for 1973 and complete information is required for 1974 and subsequent years. Where a plant makes more than one product, all of the receipts, costs and assets would be assigned to the product with the largest percentage of sales.

FTC has for several years proposed a questionnaire of this type. The current form represents the latest revision. This form, however, has been resisted by business which contended that the data cannot be meaningful for the stated FTC purposes and will be misleading if used as a basis for action because of the extraordinary accounting difficulties which arise in reporting accounting information for the product classifications used, because of the cost and asset allocations and intracompany transfer sales and pricing problems. Business has also expressed concern that the information requested will not have adequate protection to safeguard legitimate company secrets—business secrets which, if disclosed would most aid their foreign-based competitors in the U.S. market who are not subject to the questionnaire.

Pursuant to section 409 of Public Law 93-153, the General Accounting Office reviewed the FTC questionnaire and concluded that—

> The data reliability problems . . . will make the initial responses unreliable, at best, in our judgment. These unreliabilities are a product of the unresolved dilemmas in adapting the FTC classification system to individual business practice, and they extend to proposed procedures for allocation and transfer pricing as well as to the basic classification system.

The GAO report goes on to state that—

> The data reliability problems will be most easily resolved with respect to sales/income items. The allocation of costs to lines of business, in accordance with FTC instructions, will be substantially more difficult, less reliable, and less aggregatable. The allocation of capital items by product line presents even more serious problems.

Finally, the GAO observes:

> The cure to these problems is simple but difficult. What is needed is extensive face-to-face discussion between informed FTC representatives and informed business representatives, for joint learning and resolution or compromise of the dilemmas. If they are to be useful, these discussions will need to be conducted on the premise that their purpose is to find the best solution, not to debate whether the data should be collected.

The amendment which I am proposing would implement the GAO recommendation. It would provide the FTC with the information as to which GAO says the data reliability problems can be most easily resolved. By permitting the program to proceed, my amendment is a clear signal to the FTC and to business that the time has come to join in the development of a better questionnaire, one which will prove reliable and useful for the purposes stated by the FTC. With this amendment, H.R. 15472 would provide funding for the program for 1 year, after which Congress could assess the progress and adequacy of the combined efforts of FTC and the business community. Knowledge that such an assessment is contemplated should provide a useful spur to the FTC-business discussions and bring about necessary decisions where past efforts have not.

It is my understanding that the procedure which the GAO recommended, and which I propose to implement, is acceptable to the business community. I also note that the GAO report cites support for the general concept of line-of-business reporting from the American Institute of Certified Public Accountants, the Financial Executives Institute and the New York Stock Exchange and from a number of companies who commented adversely on the FTC form. Moreover, I am informed that the Financial Standards Board is already embarked upon an effort to develop a more useful and reliable method of obtaining line of business information. This board, formerly the Accounting Principles Board of the American Institute of Certified Public Accountants, is a prestigious organization of professional accountants. Interestingly, a Federal Trade Commission professional is a member of the Task Group engaged in this effort.

For its part, the FTC, in a letter to Senator HART, acknowledges that the GAO suggestion of further discussions with business "has merit." FTC therefore is agreeable to "hearings on improving the questionnaire," but seemingly resists the idea that the existing survey be abbreviated pending these discussions. For its part, FTC acknowledged that "the program was never envisioned as producing 100 percent reliable data," but defends the information solicited as "far more reliable than currently available information on industry performance."

Mr. President, the purposes for which this information is being sought are far too important to permit the development and utilization of data which business has charged, the GAO has confirmed and the FTC grudgingly acknowledges, is not wholly reliable. The Federal Government is here dealing with the very essense of our private, economic system. It ought to be axiomatic that the judgments to be made as the result of this program can be no more accurate than the data on which they are based. If Congress provides funds for such a program knowing beforehand that its own accounting arm has said that the program will yield misleading and unreliable data, we will, in effect, be countenancing in advance any erroneous decisions that may flow from information developed by such a program.

I am strongly opposed to such a course, particularly since a viable alternative is available. The more effective method is to proceed with a line of business program limited to sales or receipt data, and then to perfect that data, rather than to survey first and perfect the questionnaire later. To adapt FTC's suggestion and perfect the questionnaire later would undoubtedly require those businesses who already complain of the survey's burden to redesign the systems and procedures that they must establish to report data for the present questionnaire. Further expenses would be incurred to revise and resubmit data for at least 1974.

Nine of the 500 companies to be surveyed, list just the startup costs of the FTC survey at a total of $7,539,800. among the principal reasons for high startup costs is the retroactive application of initial reports to 1973 and 1974. The product line classification systems adopted by the FTC was not finalized until March 1974. This means that the 500 companies will have to go back and recast their accounting records for 1973 and 1974 in order to report according to FTC classifications.

While the FTC has challenged the business costs estimates of complying with the survey, it is significant that the GAO has concluded:

> We are convinced that it will be more costly to compile the data than FTC has estimated and its evaluation as to the necessity for the information and burden should assume much higher costs.

To embark on a full, but unreliable, survey in the fact of such startup costs and the costs which will accompany further revisions just does not make good common sense. I urge that the Senate adopt a more rational approach—start the survey with the limited data for which the GAO indicates that the reliability problems can be most easily resolved. Then, refine it and the further requests for data by discussions between business and FTC before next year's FTC funding request is made. At that time, if a revised program will yield reliable data, we can provide the funding with far more assurance that it is a wise expenditure.

I move the adoption of my amendment.

Mr. President, I reserve the balance of my time.

Mr. McGEE. Mr. President, I would like to take three minutes to summarize why the committee opposes the Senator's amendment at this time.

In the course of the committee's deliberations, we made, we think, significant

steps toward a hardrock compromise that would seek to protect the maximum responsibility for a breakthrough in this area on the part of the Federal Trade Commission, an area that has been, in one way or another, stalled or delayed or made ineffective all too long, until now.

I recall well when we had the Federal food investigation, in which the Senator from Nebraska and I were the ranking Senators involved. The one stone wall we went into all the time, when we were trying to determine what went on in food pricing alone, was the mystery behind the facade of the conglomerates as to where profits lay, what you were ascribing to a particular segment of a much larger business, and what you were hiding in another part of it.

It became impossible—absolutely impossible—to determine the profitability and, thus, the legitimacy of a cost charge, a pricing structure. What goes back a long way.

An old story of the frustration in the Federal Trade Commission in this area is precisely for that point. It is for that reason that we thought we should be trying on this proposition, and we hope to try responsibility. This does not go the whole distance that was requested; it only goes part way. But what it does do, Mr. President, is give the FTC the choice of the 500 largest corporations that it desires. It spells out a compromise agreement on seeking to protect confidentiality as those bits of information are employed or used.

And finally, Mr. President, it is accompanied by two assurances: The first is that we request specifically in this legislation that there be a report back to the Congress in 6 months on how it is going, on what they are finding out. It is not going off into limbo. It is not going off on the wrong track. We put that in as a cautionary measure.

Lastly, this is a 1-year proposition and we have yet a second interval in 12 months in which to reassess the whole thing automatically under the appropriations process.

So I say to you, Mr. President, that while this is troublesome, a lot of troubling areas, gray areas, that is what government is made up of. It is no longer reducible to clear black and white issues. I think it is important that we not penalize the FTC which is imploring this body to give it a chance to get at this in this way.

It is understandable that the businessman is apprehensive. He has a right to his apprehension. The point is that the public interest is also at stake here, and the judgment of this body in general is at stake.

So I say, Mr. President, that we ought to give this a chance and be allowed to take this to conference. This cuts cleaner than the House did in its recommendations, although the House committee was jacked up on the floor of its own body by its membership. We believe that indeed it is in that direction that the public interest is pressing for action. We think that to measure it, this is the way to test it.

Mr. HRUSKA. Mr. President, the debate today is mystifying, because no one opposing this amendment has as yet dealt with the issue of what is going to be done with the Comptroller General's deliberate and unqualified finding that, as outlined and prescribed by the Federal Trade Commission, this report form will produce distorted information, that it will result in unreliable information, that it will be misleading information. That is the point to which we should say, "Yes, the public interest does have something at stake." We can say that we can have this report in 6 months or 12 months, that there is a compromise about confidentiality, that is clearly not the issue at stake here. We are going to approve a procedure whereby reports will be made that will be highly distorted, unreliable, and misleading and foist them upon the public and upon the Federal Trade Commission and upon those who want to enter into an industry where the profit will be reported as being excessive and where that information will not be true. It will not be accurate.

There has not yet been any argument directed to that point, and it is disappointing, because this amendment would improve the procedure. It is certainly not antagonistic and it is certainly not an obstruction to the procedures and welfare of the Federal Trade Commission.

The Federal Trade Commission refuses to concede what the General Accounting Office, the right arm of Congress, has deliberately found and what the Comptroller General has written to us as his opinion, after an analysis of these reports. That is what is at issue.

When there are companies having as much as $155 million in total sales in a given establishment or plant and perhaps only 42 percent in the reporting category in which they must report the entire $155 million in sales and costs, it means that that report can be nothing but faulty, and it will not be a competent piece of work. It is not the kind of work that the Congress would be proud of having sponsored and espoused.

For that reason, I believe that we should compel reporting on a category-by-category basis and let the Federal Trade Commission prove that they can come up with figures that will be clean and useful to the purposes for which they are intended.

This approach is exactly analgous to the pilot approach recommended by the GAA but which was turned down by the FTC.

The amendment should be approved, Mr. President.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. HRUSKA. I yield back the remainder of my time.

Mr. McGEE. Mr. President, I yield back the remainder of the committee's time, with the admonition that the modification we made of the House action stands as the committee's judgment, plus the compromise that the committee members worked out among themselves, as best we could, and the committee would continue to oppose the amendment and urge its defeat.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Nebraska. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Kentucky (Mr. COOK), the Senator from New Mexico (Mr. DOMENICI), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

The result was announced—yeas 36, nays 51, as follows:

[No. 318 Leg.]

YEAS—36

Allen	Dole	Percy
Bartlett	Dominick	Randolph
Beall	Ervin	Schweiker
Bennett	Fannin	Scott, Hugh
Bentsen	Goldwater	Scott, William L.
Brock	Griffin	Sparkman
Buckley	Hansen	Stevens
Byrd, Harry F., Jr.	Helms	Taft
Byrd, Robert C.	Hruska	Thurmond
Cannon	Johnston	Tower
Cotton	Mathias	Young
Curtis	McClure	
	Montoya	

NAYS—51

Abourezk	Hatfield	Moss
Aiken	Hathaway	Muskie
Bayh	Hollings	Nelson
Bible	Huddleston	Nunn
Biden	Hughes	Pastore
Brooke	Humphrey	Pearson
Burdick	Jackson	Pell
Case	Kennedy	Proxmire
Chiles	Magnuson	Ribicoff
Church	Mansfield	Roth
Clark	McClellan	Stennis
Cranston	McGee	Stevenson
Eagleton	McGovern	Symington
Eastland	McIntyre	Talmadge
Fong	Metcalf	Tunney
Hart	Metzenbaum	Weicker
Haskell	Mondale	Williams

NOT VOTING—13

Baker	Gravel	Long
Bellmon	Gurney	Packwood
Cook	Hartke	Stafford
Domenici	Inouye	
Fulbright	Javits	

So Mr. HRUSKA's amendment (No. 1583) was rejected.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. FONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. If the Senators will yield back their time, the question now is on the amendment of the Senator from South Dakota (Mr. ABOUREZK).

Mr. NELSON. Mr. President, I ask unanimous consent that a member of my staff, Mr. Jeffrey Nedelman, be given the

privilege of the floor during consideration of the pending business.

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

Do the Senators yield back the remainder of their time?

Mr. McGEE. I yield back the remainder of my time if the Senator from South Dakota is ready to yield back his time.

Mr. MANSFIELD. No, Mr. President, the time is supposed to be yielded back automatically because we are operating on a timetable, we will be way behind as it is.

Mr. McGEE. That is right.

Mr. MANSFIELD. There is no further time to yield back.

The PRESIDING OFFICER. The question is on the amendment of the Senator from South Dakota. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Kentucky (Mr. COOK), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from New York (Mr. JAVITS) would vote "yea."

The result was announced—yeas 45, nays 43, as follows:

[No. 319 Leg.]

YEAS—45

Abourezk	Hatfield	Moss
Aiken	Hathaway	Muskie
Bayh	Hughes	Nelson
Biden	Humphrey	Pastore
Brooke	Jackson	Pearson
Burdick	Johnston	Pell
Case	Kennedy	Ribicoff
Chiles	Magnuson	Schweiker
Church	Mansfield	Sparkman
Clark	Mathias	Stevens
Cranston	McGovern	Stevenson
Dominick	Metcalf	Tunney
Ervin	Metzenbaum	Weicker
Hart	Mondale	Williams
Haskell	Montoya	Young

NAYS—43

Allen	Domenici	McIntyre
Bartlett	Eagleton	Nunn
Beall	Eastland	Percy
Bennett	Fannin	Proxmire
Bentsen	Fong	Randolph
Bible	Goldwater	Roth
Brock	Griffin	Scott, Hugh
Buckley	Hansen	Scott,
Byrd,	Helms	William L.
Harry F., Jr.	Hollings	Stennis
Byrd, Robert C.	Hruska	Symington
Cannon	Huddleston	Taft
Cotton	McClellan	Talmadge
Curtis	McClure	Thurmond
Dole	McGee	Tower

NOT VOTING—12

Baker	Gravel	Javits
Bellmon	Gurney	Long
Cook	Hartke	Packwood
Fulbright	Inouye	Stafford

So Mr. ABOUREZK's amendment was agreed to.

The PRESIDING OFFICER. All time having been yielded back, the question is on the amendment of the Senator from Minnesota (Mr. HUMPHREY).

Mr. McGEE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McGEE. The Senator does not have an amendment pending for a rollcall vote. These are all rollcall votes which have been ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the next amendment be called up at this time and that the Humphrey amendment be placed behind it.

The PRESIDING OFFICER. Is there objection? The Chair hears one, and it is so ordered. The question occurs on the Hughes amendment.

Mr. McGEE. Mr. President, by agreement with the Senator from Iowa (Mr. HUGHES), I move to lay his amendment on the table. The yeas and nays have already been ordered.

Mr. DOMENICI. Mr. President, I ask that Mr. DuBois of my staff be accorded the privileges of the floor.

The PRESIDING OFFICER. Without objection it is so ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. FULBRIGHT), the Seenator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Kentucky (Mr. COOK), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

The result was announced—yeas 46, nays 42, as follows:

[No. 320 Leg.]

YEAS—46

Aiken	Curtis	McIntyre
Allen	Domenici	Nunn
Bartlett	Dominick	Pearson
Beall	Ervin	Randolph
Bennett	Fannin	Roth
Bentsen	Fong	Scott, Hugh
Bible	Goldwater	Scott,
Biden	Griffin	William L.
Brock	Hansen	Sparkman
Buckley	Helms	Stennis
Byrd,	Hollings	Stevens
Harry F., Jr.	Hruska	Taft
Byrd, Robert C.	Johnston	Talmadge
Cannon	McClellan	Thurmond
Chiles	McClure	Tower
Cotton	McGee	Young

NAYS—42

Abourezk	Dole	Hughes
Bayh	Eagleton	Humphrey
Brooke	Eastland	Jackson
Burdick	Hart	Kennedy
Case	Haskell	Magnuson
Church	Hatfield	Mansfield
Clark	Hathaway	Mathias
Cranston	Huddleston	McGovern
Metcalf	Nelson	Schweiker
Metzenbaum	Pastore	Stevenson
Mondale	Pell	Symington
Montoya	Percy	Tunney
Moss	Proxmire	Weicker
Muskie	Ribicoff	Williams

NOT VOTING—12

Baker	Gravel	Javits
Bellmon	Gurney	Long
Cook	Hartke	Packwood
Fulbright	Inouye	Stafford

So the motion to lay on the table was agreed to.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of the Helms amendment.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. McGEE. I am prepared to yield back my time.

The PRESIDING OFFICER (Mr. HELMS). The Chair, in his capacity as the Senator from North Carolina, yields back his time.

All time is yielded back. 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 Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Louisiana (Mr. LONG), the Senator from Georgia (Mr. TALMADGE), and the Senator from Hawaii (Mr. INOUYE) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Kentucky (Mr. COOK), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from New York (Mr. JAVITS) would vote "nay."

The result was announced—yeas 35, nays 52, as follows:

[No. 321 Leg.]

YEAS—35

Allen	Domenici	McClellan
Bartlett	Dominick	McClure
Bennett	Eastland	Nunn
Bentsen	Ervin	Roth
Brock	Fannin	Scott, Hugh
Buckley	Fong	Scott,
Byrd,	Goldwater	William L.
Harry F., Jr.	Griffin	Sparkman
Chiles	Hansen	Stennis
Church	Helms	Thurmond
Cotton	Hollings	Tower
Curtis	Hruska	
Dole	Johnston	

NAYS—52

Abourezk	Biden	Case
Aiken	Brooke	Clark
Bayh	Burdick	Cranston
Beall	Byrd, Robert C.	Eagleton
Bible	Cannon	Hart

Haskell	McIntyre	Randolph
Hatfield	Metcalf	Ribicoff
Hathaway	Metzenbaum	Schweiker
Huddleston	Mondale	Stevens
Hughes	Montoya	Stevenson
Humphrey	Moss	Symington
Jackson	Muskie	Taft
Kennedy	Nelson	Tunney
Magnuson	Pastore	Weicker
Mansfield	Pearson	Williams
Mathias	Pell	Young
McGee	Percy	
McGovern	Proxmire	

NOT VOTING—13

Baker	Gurney	Packwood
Bellmon	Hartke	Stafford
Cook	Inouye	Talmadge
Fulbright	Javits	
Gravel	Long	

So Mr. HELMS' amendment was rejected.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. FONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I think there is yet another rollcall vote.

The PRESIDING OFFICER. That is correct.

Mr. HUMPHREY. I shall wait until the end of the rollcall vote.

Mr. CURTIS. Mr. President——

Mr. NELSON. Mr. President, I call up amendment No. 1536.

The PRESIDING OFFICER. Without objection, the amendment will be called up and the clerk will state it. Is there objection? The Chair hears none.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. Does it require unanimous consent to offer an amendment at this point?

Mr. NELSON. Unanimous consent was granted.

Mr. McGEE. Mr. President, there was a unanimous consent executed by the majority leader on the sequence of the votes up to this point because we had to backstop them during the day. So this one was to follow that last vote by the unanimous consent. Otherwise, no.

Mr. CURTIS. I raise no point against the amendment being offered, but what I wanted to know is, may a Senator offer an amendment or a motion without unanimous consent at this point?

The PRESIDING OFFICER. As the Senator knows, after the agreed-upon time of 5 o'clock, the Senator may submit an amendment.

Mr. MANSFIELD. Mr. President, in view of the commitments made to the Senate earlier, I ask unanimous consent that at the conclusion of the vote on the Nelson amendment, there then be 5 minutes on the amendment to be offered by the distinguished Senator from Nebraska (Mr. CURTIS).

I understand that the Senator from Minnesota has one or two amendments, on which there will be no debate, only a vote or acceptance.

Then, I ask unanimous consent that the Senator from Virginia have not to exceed 10 minutes, at which time the vote will occur on final passage. That will bring it to about a quarter to six.

Mr. TAFT. Mr. President, reserving the right to object, I have an amendment to the Senator from Wisconsin.

Mr. PASTORE. Mr. President, we cannot hear what is being said.

The PRESIDING OFFICER. The Senator is absolutely correct.

Mr. PASTORE. I wish Senators would take their seats.

Mr. HUGH SCOTT. That is the general idea—evidently, it is secret.

Mr. PASTORE. It is a four-star-general idea.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. NELSON. Mr. President, I ask unanimous consent that the names of the Senator from Iowa (Mr. CLARK), the Senator from Maine (Mr. HATHAWAY), and the Senator from Utah (Mr. Moss) be added as cosponsors of the amendment.

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

Mr. NELSON. Mr. President, I modify the amendment on line 1 to change the first numeral to "page 38, line 24," and in line 5, to change the numeral "6" to the numeral "7," making it $700 million instead of $600 million.

The PRESIDING OFFICER. The amendment will be read, as modified.

The amendment, as modified, was read, as follows:

One page 38, line 24, after the word "expended" add the following new paragraph:

"For reimbursement of costs of construction of waste-water treatment works pursuant to section 206(a) of the Federal Water Pollution Control Act, $700,000,000, to remain available until expended.".

Mr. NELSON. Mr. President, I will be very brief. We were granted 15 minutes, 7.5 minutes to each side.

The PRESIDING OFFICER. The Senate is not in order. The Senator will suspend.

The Chair inquires of the Senator from Montana if he requested 15 additional minutes.

Mr. MANSFIELD. The 15 minutes originally granted.

The PRESIDING OFFICER. The Chair thanks the Senator.

Mr. MANSFIELD. And I hope that the Senator from Wisconsin and the Senator from Wyoming will allow a little time for the Senator from Ohio, who has an amendment, I think, to the Nelson amendment.

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

Mr. MAGNUSON. Mr. President, I have an amendment to the Nelson amendment. Will we have time?

Mr. NELSON. The Senator from Washington has an amendment that I am prepared to accept, as well as the amendment of the Senator from Ohio, but I would like to be able to use the entire 7½ minutes. Has my time started?

Mr. MAGNUSON. I will present it later.

The PRESIDING OFFICER. The Senator's time is running.

Mr. NELSON. Mr. President, H.R. 15472, a bill making appropriations for agriculture, environment, and consumer protection programs for fiscal year 1975 is an important piece of legislation. It provides the funding to carry on the Nation's fight for a cleaner and more healthful environment.

One of the most important aspects of the national pollution abatement program and one that the Congress can be proud of initiating is the efforts being made at all levels of government to clean up and protect the country's water resources.

There have been problems with this program. The congressional mandate for the rapid construction of new sewage treatment plants has been crippled by impoundment of half the appropriated $18 billion. Consequently, the national water pollution abatement effort has been slowed by perhaps 3 years.

There is another problem, a problem that adversely affects communities located in every State. It is a problem that cannot be solved at the local or State level. It is a problem that will not go away. And it is a problem that the Federal Government created but has so far refused to completely resolve although we have the solutions.

It is a problem of promises made and not fulfilled. Basically, it is a problem of money.

In 1966, Congress passed legislation that urged cities to accelerate their sewage treatment plant construction program. Section 203(a)(b) and section 204 of the Clean Water Restoration Act—Public Law 89-753—makes a specific commitment to the Nation's cities to pay up to 55 percent of the actual construction cost of waste water treatment facilities initiated pursuant to the act. Cities relied on this Federal promise to pay, to reimburse the cities for construction costs that were eligible for Federal funding in a timely fashion. Pursuant to this legislation over 5,300 projects were initiated.

The intent and legal promise of the Congress to reimburse the cities for eligible funds was reemphasized in 1972 when the Federal Water Pollution Control Act Amendments of 1972 became law. Section 206(a) specifically states that—

The cities shall be reimbursed . . . for up to 55% of the total construction cost.

The initial promise was made in 1966. The Clean Water Restoration Act passed the Senate on a vote of 90 to 0. The promise was reaffirmed in 1972. The Federal Water Pollution Control Act Amendments of that year passed the Senate on a vote of 86 to 0.

The 1972 act contains another important provision. Section 206(e) of the act authorizes the expenditure of $2 billion to carry out this program. Later, in 1973 the Congress appropriated $1.9 billion to cover the total eligible costs of the reimbursement program.

Based on applications received by the EPA the estimate for the total cost of the reimbursement program now exceeds $3 billion. This is not a final figure because the final eligible costs for projects under construction cannot be determined until construction, in fact, is completed

and the EPA is still working with individual cities to determine eligibility of certain projects that have just recently filed for Federal funding.

This $3 billion figure is $1.1 billion above current appropriations and $400 million above current authorizations. Last fall, the Congress recognized its longstanding commitment to the Nation's cities and started to phase additional funds into the Federal budget. Public Law 93–207 authorized an additional $600 million for section 206(a) reimbursement projects. This bill passed the Congress last December and the President signed the increased authorization into law. The additional authorization contained in Public Law 93–207 plus the $100 million authorized but not appropriated from the 1972 legislation brings the total authorization for the reimbursement program to $700 million.

The Congress should now take another step in meeting its obligations. The Senate should adopt amendment No. 1536 which appropriates the $700 million that the Congress and the President have authorized.

Mr. President, Senators ABOUREZK, CASE, CLARK, COOK, DOLE, GRAVEL, HART, HATHAWAY, HUGHES, HUMPHREY, JAVITS, KENNEDY, MCGOVERN, MCINTYRE, MONDALE, MOSS, NUNN, PACKWOOD, RANDOLPH, RIBICOFF, STEVENSON, TUNNEY, and WILLIAMS have cosponsored this amendment.

Congress has committed itself on two occasions to the full reimbursement of eligible construction costs. The question that needs to be addressed is, when will the money be appropriated? When will the promises be kept? When will the commitment be honored?

The 1972 Senate committee report concludes—

The funds committed to advance the federal share are now urgently needed by the states and municipalities to finance their share of new projects which is needed to implement the purposes of this Act. For these reasons, it is the policy of the committee to provide full reimbursement for all projects constructed without federal assistance.

Almost 8 years have passed since the program was started and the commitment made by Congress and the President has yet to be fulfilled. Cities in every State participated in this reimbursement program. They issued municipal sewer bonds or borrowed money at commercial rates to raise the needed construction funds. And the taxpayer is now paying and will continue to pay the interest for those municipal bonds and the interest on those loans until the Federal Government fulfills its financial and legal obligations.

The Senate should now move to reduce the tax burden it imposed on the residents of our urban and rural centers by phasing in $700 million in additional appropriations. The committee suggests waiting for the next supplemental appropriations bill.

We have all the facts we need to decide this issue now. The EPA supplied me with the information included in the chart that was circulated to every office last Thursday. It has also supplied me with an up-to-date cost estimate of the program.

EPA estimates that the total cost of the reimbursement program—pursuant to section 206(a)—approximately $3.1 billion. The Congress has appropriated $1.9 billion and authorized an additional $700 million. Subtracting the actual appropriations from the current projected need we have a balance of $1.2 billion. Of that figure approximately $400 million is in projects that are currently being evaluated by the EPA to determine their eligibility. The $400 million is a maximum figure. That is to say if every project is determined to be eligible for every penny it has filed for the total cost of these projects will not exceed $400 million. Subtracting $400 million from $1.2 billion we have a balance of $800 million.

The EPA has identified, evaluated, and certified these costs as being legally eligible for full Federal reimbursement. Amendment No. 1536 would appropriate $700 million of the eligible $800 million identified by the EPA as being eligible for immediate reimbursement. If this money were appropriated, the Federal Government would owe the cities $100 million plus money for the projects being evaluated, a total of approximately $500 million.

At this point I concur with the committee that an additional authorization for these costs plus the remainder of the identified eligible costs should move through the congressional budgetary process. The EPA informs me that this process of identifying and certifying the new projects will be completed by November.

The Nation's waters have been ravaged by the works and neglect of man. Beginning in 1956 the Federal Government began to encourage the States and localities to abate water pollution by offering them grants. In 1966, a statutory commitment was made, a bargain entered into. Section 8(c) of the Federal Water Pollution Control Act as amended by the Clean Water Restoration Act of 1966, served as an incentive to accelerate the initiation of municipal water pollution control projects ahead of the availability of Federal appropriations. Cities that used their own funds to pay Federal construction costs for sewage treatment plants were to be reimbursed as authorized by statute.

Pursuant to this legislation over 5,300 projects located in every State were started between 1966 and 1972. A giant step in the abatement of water pollution was taken. Now, the Congress must fulfill its side of the bargain by appropriating $700 million that will begin to retire the Federal Government's responsibility in this particular aspect of environment pollution abatement.

These funds are urgently needed by the Nation's cities. The National League of Cities and the United States Conference of Mayors has enthusiastically endorsed this amendment.

Their letter of endorsement states:

This section if included in final passage of this legislation would be of invaluable assistance to the Nation's cities in their efforts to meet the legal requirements imposed under the Federal Water Pollution Control Act of 1972.

The letter continues—

Unless this additional money authorized by this legislation is appropriated, then cities across the Nation that went ahead with the promise of federal reimbursement will continue to carry a federal responsibility on their shoulders.

This view has the support and endorsement of the National Governors Conference. The conference's letter of endorsement states—

The Governors strongly urge that the Administration and the Congress act to ensure full funding and effective implementation of the Federal Water Pollution Control Act of 1972.

The letter continues—

The Congress promised States full reimbursement for monies expended by them to prefinance the federal share of construction costs. The estimated and authorized amount for such funds was $3.1 billion. To date, only $1.9 billion of this amount has been appropriated. . . . We strongly support your amendment . . . and on behalf of all the States, we urge its adoption by the Senate.

This is a commitment we are obligated to fulfill. It is not a new authorization for a new program. It is an additional downpayment on an old program initiated by municipalities in every State at the instigation of Congress and the President. We passed a law. The President signed it. The municipalities acted in reliance upon it. We cannot in good conscience force the municipalities to continue to pay burdensome interest costs on an obligation that is in fact a Federal responsibility. This compounds the injustice because the statute does not authorize Federal reimbursement for the interest on the Federal share of the projects. Yet the municipalities proceeded with the projects in the expectation that reimbursement would be reasonably prompt.

I recognize that this appropriation adds to the total of the current budget but it does not add a single penny to the total Federal obligation. If this money is not paid this year then it must be paid next year or the year after. It is an obligation that will not go away. It is an obligation that should take precedence over new programs or expanded old programs whether military, foreign, or domestic.

Approval of this appropriation imposes upon us the obligation to reduce appropriations for other programs by an equivalent amount. Approval will constitute a recognition on our part that this appropriation should take the place of an equivalent amount in appropriations for other purposes. I intend to vote for the necessary reductions so that the performance of Congress on this obligation will not result in adding to the total of this year's budget.

Mr. President, I ask unanimous consent to have printed in the RECORD letters from the National League of Cities, the U.S. Conference of Mayors, and the National Governors' Conference, and a statement of the National Governors' Conference policy position, 1974–75.

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

NATIONAL LEAGUE OF CITIES,
U.S. CONFERENCE OF MAYORS,
July 22, 1974.

Hon. GAYLORD A. NELSON,
U.S. Senate, Old Senate Office Building, Washington, D.C.

DEAR SENATOR NELSON: The National League of Cities and the United States Conference of Mayors support the amendment (#1536) offered by yourself to the Environmental Protection Agency FY 75 Appropriations bill (H.R. 15472). This section, if included in final passage, would be of invaluable assistance to the nation's cities in their efforts to meet the legal requirements imposed under the Water Pollution Control Act of 1972. It would, in our opinion, reaffirm the commitment made by the Congress during 1972 to the overall goal of cleaning up the nation's waterways.

Unless the additional money authorized by this amendment is appropriated, then cities across the nation that went ahead with the promise of Federal reimbursement will continue to carry a Federal responsibility on their shoulders.

We urge you to endorse the vote affirmatively for Amendment #1536 to H.R. 15472 during today's session.

Sincerely,

ALLEN E. PRITCHARD, Jr.,
Executive Vice President.
JOHN J. GUNTHER,
Executive Director.

NATIONAL GOVERNORS' CONFERENCE,
Washington, D.C., July 18, 1974.

Hon. GAYLORD A. NELSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR NELSON: At its 1974 Annual Meeting, the National Governors' Conference adopted a policy position on federal support for state water pollution control prgrams. The new position updates earlier policy supporting the Federal Water Pollution Control Act Amendments of 1972 by addressing the continued problem of funding under the new law.

Among other things, the policy states:

"The federal Water Pollution Control Act Amendments of 1972 establish a new approach to national water pollution abatement efforts. The success of this new program will depend entirely upon effective cooperation between the States and the federal government. This is especially true in light of the limited funding of the new act. Because of these fiscal restraints, severe problems are being experienced by the majority of States at the very time that overall federal funding for water pollution control is increasing. Restrictions on funding the new congressionally mandated national strategy for clean water, coupled with inconsistent regulations, has placed the States, and therefore the national water pollution abatement program, in serious jepardy. Unless the Administration and Congress move quickly, we will not achieve our goals for water quality by the 1983 deadline . . .

"Therefore, the Governors strongly urge that the Administration and the Congress act to ensure full funding and effective implementation of the Federal Water Pollution Control Act Amendments of 1972. As part of this policy, the Administration should:

"Allocate all funds authorized by the Act: . . ."

As part of the new law, the Congress promised States full reimbursement for monies expended by them to pre-finance the federal share of construction costs. The estimated and authorized amount for such funds was $3.1 billion. To date, only $1.9 billion of this amount has been appropriated.

No additional funds for this purpose have been requested by the Administration for FY 1975. Therefore, we strongly support your amendment to the appropriations bill, H.R. 15472, which would provide $600 million in reimbursement funds during FY 1975, and on behalf of all the States, we urge its adoption by the Senate.

Thank you for your assistance.

Most Sincerely,

JAMES L. MARTIN,
Director, State-Federal Relations.

NATIONAL GOVERNORS' CONFERENCE POLICY POSITIONS 1974–75

FEDERAL SUPPORT FOR STATE WATER POLLUTION CONTROL PROGRAMS

The Federal Water Pollution Control Act Amendments of 1972 establish a new approach to national water pollution abatement efforts. The success of this new program will depend entirely upon effective cooperation between the States and the federal government. This is especially true in light of the limited funding of the new act. Because of these fiscal restraints, severe problems are being experienced by the majority of States at the very time that overall federal funding for water pollution control is increasing. Restrictions on funding the new congressionally mandated national strategy for clean water, coupled with inconsistent regulations, has placed the States, and therefore the national water pollution abatement program, in serious jeopardy. Unless the Administration and Congress move quickly, we will not achieve our goals for water quality by the 1983 deadline.

The Governors, through the National Governors' Conference, hereby further resolve to seek intervenor status before the U.S. Supreme Court in any related appeal for the purpose of obtaining an early disposition favorable to the States.

Finally, the National Governors' Conference adamantly opposes any attempt to curtail federal assistance to state and local governments for water pollution abatement construction until attainment of national clean water goals has been financially assured.

Therefore, the Governors strongly urge that the Administration and the Congress act to ensure full funding and effective implementation of the Federal Water Pollution Control Act Amendments of 1972. As part of this policy, the Administration should:

A. Cease to contest litigation related to allocation or release of authorized funds, including the court orders issued in *N.Y. City vs. Ruckelshaus*, and as affirmed by the U.S. Court of Appeals, compelling full allocation of such funds;

B. Allocate all funds authorized by the Act;

C. Proceed promptly to obligate within each of the States such of those funds for which qualified applications have been received;

Moreover, because pollution abatement programs in many of the States have been seriously disrupted by withholding of funds, the Administration should, for the meantime, provide that:

D. No State should receive less money in fiscal years 1973 and 1974 than they received in fiscal year 1972;

E. The regulations should be drafted to include phased funding so that Governors may establish priorities to implement the program;

F. Timetables should be reasonably adjusted to accommodate any delays occasioned by previous impoundment of authorized funds.

Mr. NELSON. Mr. President, this is a very simple proposal. It appropriates funds that we have already authorized, in order to keep our commitment to the municipalities to reimburse them for municipal treatment plants that they started pursuant to the Clean Water Restoration Act of 1966. From 1966 to 1972 we guaranteed the cities reimbursement for 50 to 55 percent of actual construction costs. We have not completely fulfilled our obligation.

We have already authorized $2.6 billion to reimburse the municipalities of the 50 States for projects they started between 1966 and 1972. We have appropriated $1.9 billion of the $2.6 billion. This is an appropriation of $700 million in order to make a further downpayment on that obligation.

This is a payment we have to make either this year or next year or the year after. It does not add a single penny to the Federal obligation for any purpose whatsoever.

I want to remind Senators that municipalities that went ahead and bonded to pay for the Federal share are now paying, year after year, interest on the Federal obligation. They cannot be reimbursed for the interest payments. I think it is inequitable for the Congress to force the cities to continue to pay interest on the Federal obligation for a project and program that Congress and the President of the United States encouraged them to take. The program contains a promise of reimbursement.

If there is any priority in this year's budget, it ought to be a priority to pay for past commitments and obligations. We now have to cut the budget by $700 million to make up for this appropriation, but this ought to take priority over any expansion of any other program or any new project. If we are going to keep our commitment, I think we ought to appropriate this $700 million.

Mr. EAGLETON. Mr. President, as one of the authors of the legislation to reimburse cities for the costs of constructing sewage treatment plants both before and after 1966, I am in sympathy with the amendment offered by the Senator from Wisconsin (Mr. NELSON). The Federal Government does have an obligation to make these payments and it is clear that the $1.9 billion already appropriated for that purpose will not be adequate.

Against that commitment, however, I must weigh—and I believe the Senate must weigh—the larger commitment to the American people to do something about inflation by holding down Federal spending this year. We must begin somewhere to make the painful decisions this will entail.

Last week, the Labor Department announced that the cost-of-living index for June was up 1 percent or an annual rate of 12 percent, the third straight month we have had a double-digit increase. For the first 6 months of this year, the cost-of-living index is running at a 12.6 percent rate.

The American people cannot continue to absorb this kind of inflation and they are looking to Congress for help.

The appropriations bill before us was carefully hammered out in committee to stay within the noninflationary ceiling established at the beginning of the year. I wish there were room in it for all the

worthy programs that need funding. But the plain fact is that there is not. Some of these programs will have to be deferred until we can bring inflation under control.

It is with deep regret, therefore, that I must oppose the pending amendment to increase this appropriation by $700 million. Therefore, I shall vote "aye" on this motion to table.

Mr. BAYH. Mr. President, while I laud the objectives of the Senator from Wisconsin (Mr. NELSON) in proposing this amendment, I shall oppose his amendment since it would only raise false hopes among local governments across this country to appropriate funds which would obviously not be spent.

As I have pointed out on the floor in some detail, the administration has illegally impounded half of the funds for new sewage treatment facilities approved in the 1972 Water Pollution Control Act. That impoundment, in the face of a strong congressional vote overriding the President's original veto of that act, points to the futility of appropriating new funds for sewage treatment facility reimbursements at this time.

Moreover, while those of us in the Congress work to reduce nonessential Federal spending, with the support of some administration officials and the opposition of still other administration officials, to add $600 million to Federal spending in fiscal year 1975 would invite a veto of this measure and/or impoundment of appropriated funds.

It is unfortunate that circumstances make it necessary to oppose the amendment of the Senator from Wisconsin. Were our economy not in such confusion with the combined effects of inflation and recession hurting Americans at the same time—it would be desirable to appropriate these funds and to come closer to the worthy goal of fully reimbursing the localities for the funds expended prior to 1972 for sewage treatment facilities.

This is an area which I have long felt deserves a high priority in allocating Federal dollars. The cost of cleaning up our rivers and lakes is very high; but it is a price which we must pay to make our environment habitable for our children and their children.

Mr. President, I regret sincerely that the attitude of the present administration has been to shortchange the vital program of fighting water pollution. But given the reality of that posture it would be futile to enact the Senator's amendment at this time.

I do hope, however, that when we cut the waste from Federal spending and place our economy on a more sound footing that it will be possible to appropriate the funds necessary to meet fully our commitment to reimburse the localities for sewage treatment facilities begun between 1966 and 1972.

Mr. TUNNEY. Mr. President, I have joined in sponsoring an amendment, proposed by Mr. NELSON, to authorize the reimbursement of construction costs of waste water treatment plants pursuant to Public Law 92–500. This amendment, part of the House appropriations bill H.R. 15472, authorizes $600 million in reimbursements to remain available under the provisions of Public Law 92–500 until expended.

The passage of this amendment is crucial in several respects. First it would be a partial fulfillment of money already promised by Congress to aid in cleaning up the waters of this Nation. Second, it enables individual water projects, over 250 in California alone, to proceed on their task of enlarging and improving waste water treatment facilities.

I, along with Mr. NELSON, Mr. RANDOLPH, Mr. MUSKIE, and other Senators, have been vitally concerned about the condition of our water. We have fought against Presidential impoundment of the funds appropriated by Public Law 92–500, and we were successful on November 22, 1972. We fought against the EPA's illegal regulations regarding the allocation of these funds, and we were successful on September 26, 1973. We are now considering an amendment that will finally allocate the major percentage of Public Law 92–500 reimbursements, 90 percent of those funds indicated under section 206(a) of the law.

This amendment means that all projects will receive 90 percent of their eligible reimbursements. In California, 258 treatment projects will receive $12 million, bringing its total reimbursements to $36 million.

The passage of this amendment is critical to our continued efforts to clean our waters. I strongly urge your support on this amendment to fulfill our appropriation commitment.

Mr. DOMENICI. Mr. President, I rise in opposition to the amendment offered by the Senator from Wisconsin (Mr. NELSON). I realize the purpose of this amendment is simply to have Congress fulfill its previous commitment to this project. However, I was not in office at the time these commitments were made and this bill is already $120,000,000 over the budget estimates.

Although it can be said that it is wrong for us not to meet our obligations, it is also wrong for us to create obligations which are unrealistic in today's economy. Believing as I do that two wrongs do not make a right and in the name of fiscal responsibility I reluctantly announce my intention to vote against this amendment.

Mr. MAGNUSON. Mr. President, I send to the desk an amendment to the Nelson amendment.

The PRESIDING OFFICER (Mr. ALLEN). Who yields time?

Mr. NELSON. Mr. President, how much time do I have remaining?

Mr. MAGNUSON. I will take a minute.

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. MAGNUSON. I can explain the amendment to the Senator from Wisconsin. We merely suggest—and I compliment him for his amendment—that the Administrator be allowed to consider reimbursing projects for the period between 1956 and 1966. This amendment would allow him to do that, not to exceed $150 million.

Mr. NELSON. Mr. President, this amendment is permissive with the Administrator. I find no objection to it. I am perfectly willing to accept it.

Mr. MAGNUSON. I thank the Senator.

The PRESIDING OFFICER. What does the amendment do? Is this an amendment to the amendment of the Senator from Wisconsin?

Mr. PASTORE. Yes.

Mr. MAGNUSON. Mr. President, I commend the Senator from Wisconsin for his effort to redeem a legal commitment of the Federal Government to the States and local communities. Local governments responded vigorously to a vital national need when they moved forward in the cleaning up of our rivers and streams. Yet the Federal Government has refused to make available funds it promised to these expensive and essential waste-water facilities.

I offer for consideration a simple revision to Senator NELSON's amendment. My suggestion will not increase the funds appropriated by the amendment of the Senator from Wisconsin. But it will allow EPA to use a portion of those funds for reimbursement of projects constructed, at the Federal Government's urging, during the period 1956 through 1966. Projects which have not received the full 30 percent authorized as a Federal matching share could begin to participate.

The Water Pollution Control Act of 1972 recognized the Federal Government's obligation to cities around the Nation—Seattle is one of the prime illustrations—which responded to the congressional promise to contribute 30 percent of the cost of constructing water treatment facilities. Congress, in section 206(b) of that act, acknowledged this obligation to the cities of the country and authorized $750 million for that purpose. Last year the Senate adopted a provision which would have earmarked for that 1956–66 period $200 million of the $1.9 billion appropriated for reimbursement. Unfortunately, the Senate position did not prevail in conference with the House.

Consistently, the Senate has recognized its obligation and made every effort to redeem the commitment of the National Government. The perfecting amendment which I propose will not increase the total cost of the Nelson amendment. But it would allow up to one-fourth of the amount, or $150 million, to be used for reimbursement for projects constructed between 1956 and 1966 which did not receive the full Federal funding of 30 percent. I ask unanimous consent that a table indicating the entitlement for reimbursement of various principal cities throughout the United States be printed in the RECORD at this point.

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

AMSA AUGUST 1971 SURVEY—COMPARING PUBLIC LAW 84–660 ELIGIBLE PROJECT COSTS WITH ACTUAL GRANTS AWARDED AND FEDERAL GRANTS THAT WOULD BE AVAILABLE UNDER LEGISLATION BEING CONSIDERED

[In millions]

State and agency	Calendar years 1956–66 inclusive				Calendar years 1967–70 inclusive				Calendar years 1956–70 inclusive			
	Project costs	Federal share 30 percent(1)	Actual grants awarded	Reimbursable amount	Project costs	Federal share 50 percent(2)	Actual grants awarded	Reimbursable amount	Project costs	Federal share (1)+(2)	Actual grants awarded	Reimbursable amount
Total	1,491.95	448.50	70.35	378.15	1,753.22	879.88	334.74	545.24	3,245.17	1,328.38	405.09	923.39
Alabama: Birmingham [1]												
Alaska: Anchorage					23.50	11.7	5.90	5.80	23.50	11.70	5.90	5.80
Arkansas: Little Rock	2.20	.66	.63	.03	10.06	5.03	4.84	.19	12.26	5.69	5.47	.22
Arizona:												
Phoenix	10.51	3.15	1.10	2.05					10.51	3.15	1.10	2.05
Tucson	4.25	1.28	.93	.35	1.42	.71	.43	.28	4.57	1.99	1.36	.63
California:												
East Bay Municipal Utility District (Oakland)					.44	.24	.24		0.44	0.24	0.24	
Los Angeles	65.11	19.54		19.54	26.13	13.07	1.58	11.49	91.24	32.61	1.58	31.03
Los Angeles County	13.90	4.17	.40	3.77	26.00	13.00	8.60	4.40	39.90	17.17	9.00	8.17
Orange County	47.31	14.20	.56	13.64	18.54	9.27	5.73	3.54	65.85	23.47	6.29	17.18
Sacramento (City)					8.58	4.29	2.80	1.49	8.58	4.29	2.80	1.49
San Diego	57.05	17.12	2.92	14.20					57.05	17.12	2.92	14.20
City and County of San Francisco	3.24	.97	.12	.85	10.37	5.19	3.12	2.07	13.61	6.16	3.24	2.92
San Jose	30.52	9.16	2.37	6.79	4.31	2.16	1.50	.66	34.83	11.32	3.87	7.45
Connecticut: Hartford					33.56	[2] 18.29	18.29		33.56	18.29	18.29	
Colorado: Metropolitan Denver Sewage Disposal District No. 1	27.99	8.40	4.54	3.86	3.58	1.79	1.15	.64	31.57	10.19	5.69	4.50
Delaware: Wilmington					20.40	10.20	3.03	7.17	20.40	10.20	3.03	7.17
Florida:												
Jacksonville [1]												
Miami					4.51	2.25	1.13	1.12	4.51	2.25	1.13	1.12
Georgia: Atlanta [1]												
Hawaii: City and County of Honolulu	21.59	6.48	4.67	1.81	1.59	.80	.52	.28	23.18	7.28	5.19	2.09
Illinois: Metropolitan Sanitation District of Greater Chicago	156.12	46.84	1.29	45.55	100.11	50.06	47.58	2.48	256.23	96.90	48.87	48.03
Indiana: Indianapolis	68.58	20.57		20.57	30.55	15.28	6.32	8.96	99.13	35.85	6.32	29.53
Iowa: Des Moines	3.48	1.04	.60	.44	.17	.09	.09		3.65	1.13	.60	.44
Kansas: Wichita	10.00	3.01	.14	2.87	12.86	6.44	3.40	3.04	22.86	9.45	3.54	5.91
Kentucky: Louisville and Jefferson County	23.15	6.95	1.13	5.82	6.61	3.31	1.98	1.33	29.76	10.26	3.11	7.15
Louisiana: New Orleans	5.35	2.44	2.44		10.62	5.31	2.76	2.55	15.97	7.75	5.20	2.55
Maine [1]												
Maryland:												
Baltimore	1.84	.55	.11	.44	18.23	9.12	4.19	4.93	20.07	9.67	4.30	5.37
Washington Suburban Sanitation Commission (Hyattsville)	13.80	4.14	2.20	1.94	42.30	21.15	12.00	9.15	56.10	25.29	14.20	11.09
Massachusetts: Metropolitan District Commission (Boston)	5.62	1.69	.69	1.00	9.99	5.00	4.45	.55	15.61	6.69	5.14	1.55
Michigan: Detroit Metropolitan Water Department [1]												
Minnesota: Metropolitan Sewer Board (St. Paul)	16.99	5.10	1.20	3.90	89.28	44.64	16.29	28.35	106.27	49.74	17.49	32.25
Missouri:												
Kansas City	38.76	11.63	3.87	7.76	13.20	6.60	5.06	1.54	51.96	18.23	8.93	9.30
St. Louis	72.77	21.83	8.51	13.32	10.33	5.37	5.37		83.10	27.20	13.88	13.32
Nebraska: Omaha	24.45	7.34	1.62	5.72	19.13	9.57	4.15	5.42	43.58	16.91	5.77	11.14
New Hampshire [1]												
New Jersey:												
Bergen County Sewer Authority	3.78	1.13	.25	.88	15.06	7.53	4.37	3.16	18.84	8.66	4.62	4.04
Camden County Sewage Authority [1]												
Jersey City [1]												
Middlesex County	28.97	8.69	.33	8.36	5.99	3.00	1.98	1.02	34.96	11.69	2.31	9.38
Passaic Valley Sewerage Authority	10.73	3.22	.25	2.97	4.30	2.15	1.12	1.03	15.03	5.37	1.37	4.00
New Mexico: Albuquerque	21.65	6.50	6.49	.01	2.56	1.28	1.07	.21	24.21	7.78	7.56	.22
New York:												
Buffalo [1]												
New York City	197.70	59.30	1.90	57.40	775.50	387.80	43.00	344.80	973.20	447.10	44.90	402.20
Rochester [1]												
Westchester County	5.13	1.54	1.54		51.26	25.63	8.25	17.38	56.39	27.17	9.79	17.38
North Carolina:												
Greensboro	4.49	1.35	.19	1.16					4.49	1.35	.19	1.16
Winston-Salem					8.00	4.00	2.60	1.40	8.00	4.00	2.60	1.40
Ohio:												
Akron [1]												
Metropolitan Sewer District of Greater Cincinnati	47.33	14.20		14.20	9.96	4.98	.97	4.01	57.29	19.18	.97	18.21
Cleveland	15.87	4.76		4.76	19.78	9.89	4.47	5.42	35.65	14.65	4.47	10.18
Columbus	25.40	7.62	.15	7.47	2.70	1.35		1.35	28.10	8.97	.15	8.82
Dayton	.90	.27		.27	5.50	2.75	1.59	1.16	6.40	3.02	1.59	1.43
Toledo	2.46	.74	.71	.03	21.87	10.93	6.43	4.50	24.33	11.67	7.14	4.53
Oklahoma:												
Oklahoma City [1]												
Tulsa	3.25	.98	.69	.29	.59	.30	.19	.11	3.84	1.28	.88	.40
Oregon: Portland	6.93	2.08	1.16	.92	25.47	12.74	8.35	4.39	32.40	14.82	9.51	5.31
Pennsylvania:												
Allegheny County	98.78	29.63	.10	29.53	49.64	26.11	26.11		148.42	55.74	26.21	29.53
Philadelphia	5.21	1.56	.50	1.06	.76	.38		.38	5.97	1.94	.50	1.44
South Carolina [1]												
Tennessee:												
Memphis	8.38	2.51		2.51	36.32	18.16	5.20	12.96	44.70	20.67	5.20	15.47
Nashville and Davidson Counties	19.00	5.70	1.80	3.90	34.93	17.47	15.68	1.79	53.93	23.17	17.48	5.69
Texas:												
Austin [1]												
Dallas	9.90	2.97		2.97	4.20	2.20	2.20		14.10	5.17	2.20	2.97
El Paso [1]												
Forth Worth	6.95	2.09	1.45	.64	10.51	5.26	3.39	1.87	17.46	7.35	4.84	2.51
Houston [1]												
San Antonio [1]												
Utah: Salt Lake City [1]												
Vermont: Burlington												
Virginia: Hampton Roads Sanitation District (Norfolk)	4.41	1.32	2.25	(.93)	16.77	8.44	2.52	5.92	21.18	9.76	4.77	4.99
Washington:												
Municipality of Metropolitan Seattle	118.56	35.57	5.24	30.33	28.45	14.23	9.58	4.65	147.01	49.80	14.82	34.98
Spokane	1.80	.54	.49	.05	.21	.11	.05	.16	2.01	.65	.54	.21
Washington, D.C. [1]												
West Virginia:												
Charleston	5.85	1.77	.47	1.30	1.68	.84	.51	.33	7.53	2.61	.98	1.63
Huntington	8.74	2.64	.92	1.72	.24	.12	.08	.04	8.98	2.76	1.00	1.76
Wisconsin: Milwaukee County	105.20	31.56	1.43	30.13	64.60	32.30	12.53	19.77	169.80	63.86	13.96	49.90
Wyoming [1]												

[1] Information not available.

[2] Includes some at 55 percent.

Mr. MAGNUSON. Although the total authorization for the 1956–66 reimbursement is $750 million, I propose we make available $150 million this year. The Environmental Protection Agency has not yet fully tabulated the reimbursement requests under the Water Pollution Control Act of 1972 because the last applications were just filed on December 31, 1973. Also, I believe that the reimbursements should take place over a period of years. Since the authorization—section 206(e)—is open ended, the Congress can proceed in an orderly manner if we begin this year.

We must begin to retire this obligation. Many States and localities have made substantial bond issues for waste water treatment plants. These bonds were sold because the Federal Government promised a 30-percent match. Now several local governments find their credit lines exhausted and their projects stalled or underfinanced because the Federal Government has not produced the money it has promised over the years. This is unfair and it is potentially disastrous to the environment. If local authorities cannot rely on a congressional promise to carry part of the cost for future environmental projects, we cannot expect localities to continue to push ahead in restoration of clean water and air for our people.

I have seen the dramatic effect of vigorous local action. Lake Washington in my State is once again an enjoyable, healthful, and attractive part of our community because the people of Seattle used their bonding authority. It illustrates what can be done. In my view, the citizens of Seattle acted in reliance upon our promise that 30 percent of the cost of that effort would be borne by the Federal Government. They are entitled to be reimbursed.

Mr. President, one of the basic considerations in intergovernmental relationships and in relationships between Government and the people is credibility. How can a community be expected to participate in any future program dependent on the Federal Government redeeming all commitments if it fails to do so in connection with past programs and undertakings?

I urge the Senator from Wisconsin to accept my amendment and the Senate to adopt it.

The PRESIDING OFFICER. Without objection, the amendment to the amendment will be in order at this time.

Mr. MAGNUSON. Mr. President, I ask for a vote on the amendment.

The PRESIDING OFFICER. The Senator from Wyoming has time that has not yet been yielded back.

The Chair recognizes the Senator from Wyoming.

Mr. McGEE. This is on the Magnuson amendment to the Nelson amendment?

The PRESIDING OFFICER. That is what the Senator stated.

Mr. McGEE. I yield back the remainder of my time.

Mr. HARRY F. BYRD, JR. Mr. President, before the time is yielded back, would someone inform the Senate how much money is involved in both of these amendments?

Mr. McGEE. The Senator from Wyoming is about to address himself to the amendment, under his time of 7½ minutes on the Nelson amendment. I did not want to meddle with this amendment.

Mr. McCLELLAN. How much money is in the amendment?

Mr. McGEE. It does not have any money in it.

The PRESIDING OFFICER. Does the Senator modify his amendment to conform to the amendment of the Senator from Washington?

Mr. PASTORE. Mr. President, if we would only be patient and listen, we learn.

The PRESIDING OFFICER. Does the Senator from Wisconsin accept the modification offered by the Senator from Washington?

Mr. NELSON. I accept the amendment as a modification. It does not add to the total amount, and it is permissive with the administrator. I accept the modification of my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Wisconsin is so modified.

The Nelson amendment, as modified by the Magnuson amendment, reads as follows:

On page 38, line 24, after the word "expended" add the following new paragraph:

"For reimbursement of costs of construction of waste-water treatment works pursuant to section 206(a) and (b) of the Federal Water Pollution Control Act, $700,000,000, to remain available until expended.".

"The Administrator may apportion these funds to qualified works under section 206 (b) of the Federal Water Pollution Control Act at his discretion. Funds apportioned under section 206(b) shall not exceed $150,000,000."

The PRESIDING OFFICER. All time of the Senator from Wisconsin has expired.

The Chair recognizes the distinguished Senator from Wyoming for his seven and a half minutes, or whatever time he desires to yield.

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

The PRESIDING OFFICER. The Senate will be in order.

Mr. McGEE. Mr. President, the committee's position as a result of our deliberations this year is simple—that is, the cost of this measure has been projected to be $600 million; and if the more extreme projections are lived up to, it would come closer to $700 million. But we are talking in that dimension. Because nothing on it was submitted to us in regard to a budget request, we felt compelled, under the mandate given to the committee this year by the Members of this body, to try to operate under some kind of projected ceiling, to advocate that this amendment not be allowed in this bill.

Now, it has nothing to do with the merits and the substance. It is a very serious question. Our proposal is that this be laid out carefully with the hearings and get it in the first supplemental.

Now, we are $120 million over the budget because of the differences between the Senate and the Bureau of the Budget of the terms of this thing already, to try to adjust them vis-a-vis the House and the $600 million.

In addition, it would seem to me to put this body pretty much on the spot in the total dimension of what we have been talking about.

I want to recognize the chairman of the full committee.

Mr. McCLELLAN. Does the Senator yield?

Mr. McGEE. I will be glad to yield.

Mr. McCLELLAN. If I understand correctly, the subcommittee reported out a bill that had $120 million plus, over and above the budget.

Mr. McGEE. That is correct.

Mr. McCLELLAN. We added today, with the committee today, another $100 million, is that correct?

Mr. McGEE. That is correct.

Mr. McCLELLAN. All right. We just awhile ago added another $6 million with the Abourezk amendment.

Mr. McGEE. That is right.

Mr. McCLELLAN. That gives us $226 million we have already added to this bill over and above the budget.

I understand that there will be some other amendments offered that the chairman has agreed to accept that total $8 million.

Mr. McGEE. That is correct.

Mr. McCLELLAN. Making a total of $234 million over and above the budget.

If we add this amendment, we have $834.5 million over and above the budget.

I just ask in view of the position we have been taking here and having voted out what we call a reform budget bill trying to give control of the budget, we claim we want control of it, now what does the Senator think we are going to look like if we start appropriating if this is added, 6.6 percent over and above the budget on this bill?

If that is carried through on every bill, we would increase the budget by $19 billion in appropriations this year. Does that look like budget reform? Is that what we have been preaching? Is that what these things mean? Is it budget reform? Will it lend credence to the Congress being big spenders?

Vote your conscience. I thought we should put these facts in the RECORD. We talk all the time about reform, but where are we going to cut? We can vote to cut here or increase. Have our choice.

Mr. FONG. Will the Senator yield?

Mr. McGEE. I will be glad to yield.

Mr. FONG. I understand it adds $700 million.

Mr. McGEE. Yes, between $600 and $700, give or take $100 million.

Mr. FONG. We have already added $100 million, and the bill is already $3 billion over and above that of last year, so if we accept this amendment, together with other amendments which we have passed, the total bill will be approximately $4 billion more than what we had last year.

Mr. McGEE. We put in the report very strong language that said to them to get an OMB estimate so that the Congress can address itself to that budget request.

We do not have that——

Mr. FONG. What we appropriated in 1973 was still not enough, so we do not know how much is involved here, and we have asked the Bureau to give us a real

estimate of what we have to do. This is what we have done.

Mr. McGEE. There are those who have suggested this will also attract a veto. I hate to wave the veto spector because that is an old game we play around here every year. There are lots of occasions that we like to have a veto, but what we are placing in jeopardy here is a well-woven piece of legislation, compromise legislation, that sought to capture the most that we could get enough votes for.

My plea is that we follow up by requiring them to submit a budget figure on this and that would be one of our priority items in the supplemental, but it would play havoc with this particular bill.

Our time is about to run out. I would like to submit to the Senator from Wisconsin that it would probably be more appropriate here to table it than to vote up and down on that.

I would be prepared to move to table it at such point as the time is yielded back.

Mr. NELSON. Mr. President, the first 3 minutes of my time was taken up on peripheral discussions on the floor. I would like to ask unanimous consent that I have another 3 minutes just to respond to the Senator's argument.

The PRESIDING OFFICER (Mr. ALLEN). Is there objection to the request for the additional 3 minutes for the Senator from Wisconsin?

There being no objection, the Senator may have an additional 3 minutes.

Mr. NELSON. I would like to point out that this does not add a single penny to the obligation of the Federal Government.

We sat here in 1966, we told all the municipalities in this country to go ahead, help solve the water pollution problem, build sewage treatment plants, we will match it 50 percent. And from 1966 to 1972, municipalities all over the country, 105 in my own State, went ahead and built municipal treatment plants, borrowed the money to pay for the Federal share.

So now we are saying to them, we cannot give the money. We have told them we were going to give it to them this year, next year, or the year after. Every year they wait. All these cities and municipalities are paying interest on the Federal share because we are not reimbursing them.

We are talking about increasing the budget, we are increasing it for brand new goods. This takes priority over all of them. We told them to go ahead, they relied upon the Congress.

If the Senate wants to be a bunch of double-crossers, go ahead and vote against this amendment, but we said that we would reimburse them, why do we not do it? Take that $700 million out of the defense budget, take it out of some of these other programs; but the cities relied upon the Senate, we said we would pay them.

We can go back home if we want and tell all those mayors and all those cities, tell them, "Yes, I was here, I voted." The cities were told to go ahead; the President signed the bill, now we are double-crossing them. Go ahead and pay that interest, 6 or 6½ percent on the Federal share, but we are not going to reimburse you this year. That is the story.

Are we going to keep our word or are we not, or are we going to wait until next year or the year after?

We have already taken $1.900 million of that commitment, this is an additional payment of $700 million, and there will be $500 to $600 million after that.

Mr. McGEE. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McGEE. What is the time?

The PRESIDING OFFICER. All time has expired.

Mr. McGEE. Then I am prepared to vote. I move to lay the amendment on the table, and I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from Wyoming to lay on the table the amendment offered by the Senator from Wisconsin as modified by the amendment of the Senator from Washington.

Mr. NELSON. The motion to table?

The PRESIDING OFFICER. The motion to table has been made, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Kentucky (Mr. COOK), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Kentucky (Mr. COOK) and the Senator from New York (Mr. JAVITS) would each vote "nay."

The result was announced—yeas 46, nays 43, as follows:

[No. 322 Leg.]

YEAS—46

Aiken	Eagleton	Nunn
Allen	Eastland	Pastore
Bartlett	Ervin	Pell
Bayh	Fannin	Percy
Bennett	Fong	Roth
Bentsen	Goldwater	Scott, Hugh
Buckley	Hansen	Scott, William L.
Byrd, Harry F., Jr.	Haskell	Sparkman
Cannon	Helms	Stennis
Chiles	Hollings	Symington
Church	Hruska	Taft
Cotton	McClellan	Talmadge
Curtis	McClure	Thurmond
Domenici	McGee	Tower
Dominick	McIntyre	Young
	Montoya	

NAYS—43

Abourezk	Hatfield	Moss
Beall	Hathaway	Muskie
Bible	Huddleston	Nelson
Biden	Hughes	Pearson
Brock	Humphrey	Proxmire
Brooke	Jackson	Randolph
Burdick	Johnston	Ribicoff
Byrd, Robert C.	Kennedy	Schweiker
Case	Magnuson	Stevens
Clark	Mansfield	Stevenson
Cranston	Mathias	Tunney
Dole	McGovern	Weicker
Fulbright	Metcalf	Williams
Griffin	Metzenbaum	
Hart	Mondale	

NOT VOTING—11

Baker	Gurney	Long
Bellmon	Hartke	Packwood
Cook	Inouye	Stafford
Gravel	Javits	

So the motion to lay on the table was agreed to.

Mr. McGEE. Mr. President, I move——

Mr. NELSON. Mr. President, I did not hear the motion.

The PRESIDING OFFICER. No motion was made.

The Chair recognizes the Senator from Nebraska.

Mr. CURTIS. Mr. President, on behalf of myself, Mr. BARTLETT, Mr. HANSEN, Mr. ROTH, Mr. BUCKLEY, Mr. FANNIN, Mr. GOLDWATER, Mr. DOMINICK, Mr. DOLE, Mr. MCCLURE, and Mr. HELMS, I send a motion to recommit and ask that it be read.

The PRESIDING OFFICER. The clerk will please report the motion.

The assistant legislative clerk read as follows:

A motion to recommit H.R. 15472 to the Committee on Appropriations with instructions to report the same back forthwith reducing the total amount of new budget (obligational) authority to a figure $500 million below the amount reported by the Committee.

Mr. CURTIS. Mr. President, may I inquire how much time there is on this motion?

The PRESIDING OFFICER. Five minutes, equally divided on the motion, 2½ minutes each side.

Mr. CURTIS. Mr. President, may I have order.

The PRESIDING OFFICER. There will be order in the Senate, please, so the Senator can be heard.

Mr. CURTIS. Like many Members of this body, I have made speeches in many places about the reduction of Federal expenditures.

This bill, among other things, carries the appropriations for the Department of Agriculture, the most important industry in my State.

I also happen to be the ranking member of the Committee on Agriculture. Any cut is painful, but I think we have to cut a lot of good programs, and certainly eliminate some that we can get along without.

This bill calls for a total of $13,553,000,000. I would reduce it by 500 million. This is a little less than 4 percent.

I know that the committee has worked long and hard on this bill. The question might be asked, Why do I not pinpoint where the reductions ought to be? Quite frankly, I think it is because the committee is much more qualified to do this.

I mentioned that the bill carries a total of $13.5 billion—a little more. But, Mr. President, we also should point out that for agricultural programs it is less than half of that amount, and even if one adds in rural development, which includes many programs like rural electrification, water grants, housing, and other things, the rural development program is less than $1 billion.

This is a part of a welfare program, it is a consumer program, it is an anti-pollution program. I am suggesting that we take a 4-percent cut in the total.

Mr. President, that is a rather modest amount. But if all expenditures in our Federal budget were reduced by 4 percent, we would reduce expenditures by about $12 billion plus. It would be the greatest encouragement that we could give to this country. It would be the greatest incentive for individuals to plan, to undertake, to contract, to build, and do things that make our economy grow and provide jobs.

The PRESIDING OFFICER. The time of the Senator has expired.

Who yields time?

Mr. McGEE. Mr. President, may I ask a parliamentary question.

The PRESIDING OFFICER. The Senator will state it.

Mr. McGEE. Are the yeas and nays ordered on this motion?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. CURTIS. Mr. President, I ask that the yeas and nays be ordered.

The yeas and nays were ordered.

Mr. McGEE. Mr. President, let me just say that our figure that we have presented to this body today is a very responsible and cutting figure. The reason we appear to be a bit over $200 million above the budget is that at the very last minute the administration, caught in a very drastic bind, asked for $100 million for replenishment in the section 32 funds due to drawdowns that had been unanticipated, and in order to keep that honest we felt compelled to add that. But we have now arrived at a figure that has to be taken to conference with our colleagues in the House.

We do not know where the give and take will occur in the House, and I would submit that in light of the mix that goes into the fabric of this appropriation proposal, which is such as to reflect a measure of responsibility on the part of the Senate, I would hope that the vote will be no on the motion to recommit on the part of the distinguished Senator from Nebraska (Mr. CURTIS).

The PRESIDING OFFICER. Does the Senator yield back his time? The Senator has 1 minute.

Mr. PASTORE. Mr. President, I am ready to move to lay this motion on the table.

The PRESIDING OFFICER. If the Senator's time has been yielded back, the motion will be in order.

Mr. PASTORE. Mr. President, I move to lay the Senator's motion on the table, and I ask for the yeas and nays.

The PRESIDING OFFICER. Has all the time been yielded back?

Mr. McGEE. Mr. President, I yield back the time.

The PRESIDING OFFICER. The Senator from Rhode Island has made a motion to lay on the table, is that correct?

Mr. PASTORE. That is correct.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from Rhode Island (Mr. PASTORE) to lay on the table the motion to recommit offered by the Senator from Nebraska (Mr. CURTIS).

The yeas and nays having been ordered, the clerk will please call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Kentucky (Mr. COOK), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from New York (Mr. JAVITS) would vote "yea."

The result was announced—yeas 54, nays 35, as follows:

[No. 323 Leg.]

YEAS—54

Abourezk	Griffin	Mondale
Aiken	Hart	Montoya
Bayh	Haskell	Moss
Bentsen	Hatfield	Muskie
Bible	Hathaway	Nelson
Biden	Hollings	Pastore
Brooke	Hughes	Pell
Burdick	Humphrey	Randolph
Byrd, Robert C.	Jackson	Sparkman
Case	Johnston	Stennis
Chiles	Kennedy	Stevens
Church	Magnuson	Stevenson
Clark	Mathias	Symington
Cranston	McClellan	Taft
Domenici	McGee	Talmadge
Eagleton	McGovern	Weicker
Eastland	McIntyre	Williams
Fong	Metzenbaum	Young

NAYS—35

Allen	Ervin	Percy
Bartlett	Fannin	Proxmire
Beall	Fulbright	Ribicoff
Bennett	Goldwater	Roth
Brock	Hansen	Schweiker
Buckley	Helms	Scott, Hugh
Byrd, Harry F., Jr.	Hruska	Scott, William L.
	Huddleston	
Cannon	Mansfield	Thurmond
Cotton	McClure	Tower
Curtis	Metcalf	Tunney
Dole	Nunn	
Dominick	Pearson	

NOT VOTING—11

Baker	Gurney	Long
Bellmon	Hartke	Packwood
Cook	Inouye	Stafford
Gravel	Javits	

So the motion to lay on the table Mr. CURTIS' motion was agreed to.

Mr. DOLE and Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER (Mr. ALLEN). At this time, under the previous order, the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) is to be recognized for 10 minutes.

Mr. McGEE. Mr. President, we still have two pending amendments.

The PRESIDING OFFICER. They would come after the distinguishel Senator from Virginia is recognized under the previous order.

The Chair recognizes the distinguished Senator from Virginia.

Mr. McGEE. We have two amendments, first.

Mr. HUMPHREY. Mr. President, I think my amendment is without debate.

The PRESIDING OFFICER. Nevertheless, the order was that the distinguished Senator from Virginia was to be recognized at this time.

Mr. MANSFIELD. Mr. President, with the concurrence of the distinguished Senator from Virginia and the Senate, I ask unanimous consent that the Humphrey amendment be called up with the time allocation not to exceed 1 minute, and the same request with respect to the Kennedy amendment.

Mr. DOLE. Mr. President——

Mr. MANSFIELD. And the same request with respect to the Dole amendment.

The PRESIDING OFFICER. All of these amendments would come up prior to the Senator from Virginia being recognized?

Mr. MANSFIELD. Exactly.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, at the conclusion of the amendments we will get to third reading and then the Senator from Virginia will be recognized.

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

The amendment of the Senator from Minnesota will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that the amendment, which has three sections, be considered en bloc.

The PRESIDING OFFICER. The amendments will be considered en bloc, and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 12, line 3, strike "$1,500,000" and insert in lieu thereof "$3,000,000".

On line 12 of page 12 strike "$108,991,000" and insert in lieu thereof "$110,491,000".

On page 13, line 15, strike the figure "$1,500,000" and insert in lieu thereof "$3,000,000".

On line 17 of page 13 strike the figure "$218,674,000" and insert in lieu thereof "$220,174,000".

On page 26, line 12, strike the figure "$20,000,000" and insert in lieu thereof $25,000,000".

Mr. HUMPHREY. Mr. President, I have discussed this amendment with the distinguished chairman of the committee. This is a much scaled-down version of three amendments I offered earlier today.

It provides for a total increase of only $8 million; $5 million in grants to facilitate rural industrial development; $3 million to be divided among rural development research and extension education and for implementation of the small farmer research and extension education sections of title V of the Rural Development Act of 1972.

INDUSTRIAL DEVELOPMENT

My modified amendment would increase funding from $20 million to $25 million for grants to rural communities to help facilitate industrial development.

Mr. President, given the current state of the economy I would argue that providing for this increase in grants for this

purpose will help—not hurt—our Nation recover from its current economic ills.

Curtailing Federal expenditures as a counter inflationary move is appropriate only when such spending is limited to those areas or sectors of the economy which already are overheated due to inflationary pressures.

Increasing Federal assistance to rural communities does not fall into this category. Quite the contrary. Rural communities continue to suffer from too little economic activity and growth. The economic disparity between our Nation's rural and large urban areas continues. The need for a more balanced growth pattern in the United States remains an urgent national and congressional goal.

These goals, which were set out as congressional policy in the Housing and Urban Development and Agricultural Acts of 1970 are as relevant today as when they were adopted in 1970. And for rural communities to equitably share in our Nation's growth and development, they must also be permitted to share more equitably in national development expenditures. Most rural communities have not and will not be able to access the various economic development loan programs provided for in this bill without additional grant assistance. Their tax and local revenue bases are simply too small.

The economic needs and justification for rural industrialization are overwhelming. Our economy is floundering with a lack of capacity. Rural America has underemployed resources while urban America has overburdened its services and is hitting capacity limits—investment in rural America would yield growth, but given the capacity problems of urban areas, overinvestment there at this time may only yield more inflationary pressures.

We need a balanced growth and a balanced policy. Ignoring rural America is not fiscally or economically responsible. The amount of money involved here is minuscule—yet the benefits would be enormous.

First, this industrialization will begin to build the supplies of needed products and assist in the battle against inflation.

Second, it would expand employment in rural areas which suffer the highest rates of unemployment and underemployment, thus lowering the social costs involved.

Third, the primary investment would stimulate secondary investment and secondary employment and thus improve the general economic outlook.

Fourth, this would more efficiently use the infrastructural resources already available in rural areas and also enable rural communities to economically and efficiently expand and improve their services.

Fifth, we would slow the rural-urban migration and thus treat a basic urban problem at the very source. In fact, we may even stimulate a reverse migration by stimulating rural industrialization—and this would provide relief to the overburdened services of our cities.

Finally, we would be giving people a choice in life style and employment location. With the resulting jobs in rural America, more of our youth could stay in rural America and they would improve the viability of rural America and provide the basis for tomorrow's leadership and growth in these areas.

Briefly, this small appropriation would mean expanded economic activity in both rural America and for the total economy, a more efficient use of resources, a healthier tax base in rural America, lower social costs due to less rural-urban migration and a subsequent reduction of pressure on urban services, and it is the very thing needed to break our inflationary circle.

Therefore, I hope, Mr. President, that the manager of this bill (Mr. McGEE) and his distinguished colleague, the ranking minority member of the committee (Mr. FONG), will accept my amendment. It is consistent both with the balanced national growth and development goals stated by the Congress in 1970 and with the current economic needs of our Nation.

The other two amendments contained in the amendment are now at the desk.

RURAL DEVELOPMENT RESEARCH

I would like to provide a total of $6 million for rural development research, for rural development extension education, and and for implementing the small former research and extension education program provided for in the Rural Development Act of 1972. Given the formula provided in the 1972 act for distributing such funds, full funding of title V should be provided for which would be $15 million.

Also, Mr. President, I would like to point out that under title V of the 1972 Rural Development Act, there is a provision for a small farmer research and extension education program, which to date, the Department of Agriculture has not implemented. Of the 2.5 million farms today, 1½ million of them are very small farms. Many of these farm families need technical assistance and advice on how to improve their farming operations, obtain needed credit, and ways to supplement their farm income with off-the-farm income. The small farmer program provided under title V is to be implemented, in part, along the lines of the family farm rehabilitation project in the State of Vermont.

This particular effort has proven itself to be very effective in assisting small farmers and all members of their families in adjusting to the realities of today's world. My distinguished colleague on our committee, Senator AIKEN, played an important role in fostering this Vermont project and was one of the coauthors of small farmer provisions of title V.

Mr. President, I hope the Senator from Wyoming (Mr. McGEE) will accept my amendment to increase the funding levels of rural development research and extension education to that now provided for in my modified amendment and furthermore that he and his committee insist that at least $1 million of the $6 million provided be utilized by USDA to fund the small farmer provisions of title V.

Mr. President, I believe these amendments will add considerably to the meaning of the Rural Development Act.

Mr. McGEE. Mr. President, I am prepared to yield back the time on this amendment This is a considerably scaled down version that we worked out by reason of a compromise. We thought we should wait until this point in the day to take up the amendment.

The PRESIDING OFFICER. All time on the amendment has expired. The question is on agreeing to the amendment of the Senator from Minnesota.

The amendment was agreed to.

Mr. KENNEDY. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment follows:

On page 20, line 23, immediately before the semicolon, insert a comma and the following: "unless the President, in consultation with appropriate Committees of Congress, determines on the basis of worldwide humanitarian food needs identified by such international organizations as the Food and Agriculture Organization of the United Nations, that additional funds for such country are necessary for humanitarian purposes and, prior to providing any such additional funds, reports to Congress with respect to the need for such additional funds."

Mr. BIBLE. Mr. President, may we have order?

Mr. KENNEDY. Mr. President, could I have the attention of the Senate? I talked to the floor manager as well as the ranking minority member, and they understand the language of the suggested change. All this does provide, Mr. President, with Presidential finding and also the assurances of an international world organization, such as the FAO, is that the provisions of the 10-percent limitations on Public Law 480, title I, could be waived. My particular concern, Mr. President, is of countries like Bangladesh, with critical food shortages, that their humanitarian needs would be attended to and looked after.

Mr. President, the amendment I am offering, on behalf of myself and the distinguished Senator from Minnesota (Mr. HUMPHREY), relates to Public Law 480 appropriations—the food-for-peace program.

Since the passage of Public Law 480 nearly 20 years ago, it has been the intention of Congress that this program must have a humanitarian dimension—to provide food assistance to nations in need to help. The legacy of America's generous contributions under the food-for-peace program can be seen in the millions of lives saved from the ravages of hunger and famine around the world.

The helping hand of the United States—engraved upon the millions of food parcels which have reached every shore over the past two decades—is a gesture of humanitarian concern and good will by the American people. The

humanitarian objectives of the Public Law 480 program were first stated by President Eisenhower and further strengthened under President Kennedy. In 1966, President Johnson affirmed the humanitarian purposes of the food-for-peace program as new legislation was signed into law.

However, over the past few years, the humanitarian dimension of the Public Law 480 program has been neglected in favor of security objectives. We have seen food for peace become food for cash, and in too many instances that cash has been used for military, rather than peaceful purposes.

Despite the assumption of the American people and the intent of Congress that the Public Law 480 program should reflect the humanitarian concern of the American people, in recent years this administration has distorted this objective and tilted the program toward defense and military purposes. The record shows that this administration has been more interested in funding armies than providing humanitarian food for people in need. Regrettably, its priorities turned food for peace to food for war in Indochina—to the neglect of starving millions around the globe.

For example, last year Cambodia and South Vietnam received nearly 47 percent of the total appropriations under title I of Public Law 480. As a result, less than 1 percent of the world's population received nearly half of the total funds available under title I. And they received that amount—not because it was all necessary to meet the food needs of the people—but to meet the military requirements of their army.

Elsewhere, funds have been expended without the knowledge or approval of Congress for common defense purposes. Millions of dollars have been juggled back and forth under Public Law 480 to provide military aid, rather than humanitarian assistance.

Mr. President, it is time for the Congress to once again affirm the humanitarian purpose of Public Law 480, and to begin the long overdue process of establishing some greater fiscal control over the program. Just as we have initiated fiscal controls over the Pentagon's funding of military supplies to South Vietnam, so, too, must we halt the backdoor financing of military requirements in Indochina—and elsewhere—by using the food-for-peace program.

The House began this process last month when it wisely amended the appropriations bill to provide that no more than 10 percent of title I appropriations can be made available to any one country. This was a commendable and important action taken by the House, and it should be sustained in the Senate. The House amendment helps to curb some of the most blatant abuses which this administration has made in the food-for-peace program. In recent years, it has been title I appropriations where excessive commitments have been made to a select number of nations as indirect support for military programs, rather than for meeting genuine humanitarian needs.

With the imposition of the 10-percent limitation, the administration will be prevented from allocating some 17 percent of title I food this year to South Korea—which it proposed to do. And, had this provision been in effect in past years, our food to Indochina would have been considerably less, and it would have been for peaceful purposes.

Thus, I fully support the intent of the House amendment. However, there are some weaknesses which I believe should be noted, and which should be corrected.

First, three sources of funds are readily available under Public Law 480 for the administration to parcel out as it pleases. The $425 million contained in the pending agriculture appropriations bill for title I—and to which the 10-percent limitation applies—represents only part of the total amount available for Public Law 480.

First. According to AID, there are an estimated $74 million in unexpended fiscal year 1974 appropriations which remain available and which will be committed for this fiscal year.

Second. It is estimated that over $240 million will be readily available for title I programs from interest loan repayments paid this coming year by foreign governments.

Third. An undetermined amount of funds are available from the commodity credit corporation to supplement title I programs whenever the administration deems it necessary.

In addition, it is estimated that there is an accumulated authorization of some $10 billion for title I.

Mr. President, any or all of these sources of funds can, legally, be used to circumvent the 10 percent limitation on title I funds imposed by the House. If the administration chooses to expend more than 10 percent of title I food—or more than $42.5 million—for any one country, it can do so by turning to these funds, which are readily available.

However, the importance of the House's action, and the purpose of my amendment, is not that it will, or can, plug all the legal loopholes the administration can use. But, rather, the intention is to establish once again the intent of Congress regarding the use of Public Law 480 food, and to begin the process of establishing greater fiscal control by Congress.

The House action simply registered the view that no one country should be the recipient of an excessive amount of Public Law 480 food. And it prohibited the abuse of title I. This, as I say, is an important step, and puts the administration on notice that Congress will not tolerate the future abuse of Public Law 480 food.

However, in laying the foundation for a further tightening of the Public Law 480 authorization, an additional step must also be taken. And this is the purpose of my amendment—to add a humanitarian dimension to the limitations imposed by Congress on the use of Public Law 480 food.

Mr. President, my amendment simply adds a humanitarian provision to the House limitation. It would provide that such nations as Ethiopia or India or Bangladesh could receive additional food above the 10-percent limitation if they face famine conditions. Although title I is not the primary source for emergency food, we do not want to establish a limitation, or a precedent, that would limit in any way our Government's ability to use Public Law 480 food to respond to unforeseen food deficits or famine conditions that may require additional food above established limitations.

It is for this reason, Mr. President, that I am amending the language of the House provision to provide a humanitarian waiver for countries that genuinely require food above the 10-percent ceiling. To insure that this flexibility will not be abused once again, or arbitrarily applied by the administration, the amendment also specifies that any additional allocations of title I appropriations above the 10-percent limitation, must be validated by criteria of need established by such international organizations as the FAO, and that such a determination be reported to the Congress. The amendment would tie title I allocations to a humanitarian barometer as established by the reports of respected international organizations—and would make the President accountable to Congress for the use of such funds.

The FAO guidelines and early warning system are important and valid sources of statistics on food needs within specific regions as well as individual countries. They can and should be used by AID in allocating our food, and they can serve to validate a decision to provide any one country food in excess of the 10-percent limitation set in the bill.

Where famine conditions require more food, as in Africa today—which, as a region, received 12 percent of last year's food, but is only projected to receive 6.3 percent of this year's allocation—the provision of my amendment will also serve to underscore actual food needs. By contrasting U.S. food commitments with internationally recommended food requirements, the amendment will indirectly support efforts to provide more food where it is most needed—while, at the same time, prohibiting the use of additional Public Law 480 food for other than humanitarian purposes.

Mr. President, I urge adoption of this amendment to reassert the humanitarian purposes of the Public Law 480 program, and to establish the precedent that greater fiscal controls and limitations on the use of Public Law 480 food must be tied to humanitarian criteria of need as established by respected international organizations.

The overriding objective of the food for peace program must be to provide food to those who need it the most. We must begin to establish the point that food for the common defense is, and must be, food for those who face starvation and pervasive poverty. We must begin to understand that threats to the peace require more than military assistance. Famine can be a threat to the peace. Poverty, and the widening gap between the rich nations and hungry nations, spawn conflict and instability. Uncontrolled competition for food and other resources threaten peaceful relations around the world. And disasters, such as the drought in Africa and hunger in

Asia, have produced human tragedy as great as any war.

Our food must no longer be used to feed armies or support military programs. It is too scarce of a commodity for such purposes. Our foreign assistance program—especially the food for peace program—can no longer be blind to the real and growing threat to the peace and security of the world: famine, poverty, disease, and dwindling resources.

Mr. President, I am conscious of the sense of the members of the committee of not opening up this particular title, title I, ad infinitum. But it does seem to me that humanitarian considerations should permit the inclusion of this type of language in anticipating many of the food shortages in other parts of the world. The voluntary agencies and the various church groups supports this amendment. I hope the ranking members will take it to conference.

Mr. McGEE. Mr. President, the committee has checked this one very carefully, and, limited to the humanitarian uses for which we would find some other means of approaching it anyway, it seemed to be in the spirit of the proposal. The committee is prepared to accept that language.

Mr. FONG. Would the Senator yield?

Mr. McGEE. Yes.

Mr. FONG. Mr. President, this is a meritorious amendment and should be adopted.

Mr. HUMPHREY. Mr. President, during the consideration of H.R. 15472, the agriculture-environmental and consumer protection appropriation bill, 1975, the House of Representatives adopted an amendment which would limit benefits available to a single country under title I of Public Law 480 to 10 percent of the total appropriated under the title. This amendment was subsequently accepted by the Senate Appropriations Committee and is included in the measures currently under consideration.

The purpose of this amendment was to prevent the use of currencies generated under title I of Public Law 480 as a means for circumvention of congressional limitations on U.S. military and economic foreign assistance. Furthermore, this amendment was intended to assure a more equitable distribution of our resources available for foreign assistance.

In the fiscal year 1974, 26 percent of our total concessional sales program—title I—of Public Law 480 was designated for Cambodia and 41 percent for Vietnam. While we appreciate the valid humanitarian needs of these countries, and our historical relationship with that region, we feel that the continuing food needs in other parts of the world may not be receiving equitable attention in our food assistance priorities.

This situation has led us to seriously question the mechanism by which our foreign food assistance is programed.

Over the years the humanitarian intent of our food-for-peace program has been subordinated to foreign policy and market development objectives. I think then that it is appropriate and timely that we put humanitarian food needs back into our food-for-peace programs as an objective in its own right.

There are legitimate reasons for supporting the House provisions limiting the benefits to any one country under title I of Public Law 480. This limitation might represent a means for restoring and assuring a more equitable balance in the distribution of our foreign assistance resources available under this program.

It is not our intent to encumber our food assistance programs with permanent limitations on its operations. We are aware that at times valid humanitarian requirements will call for flexibility in our ability to program under the program. Certainly, the precarious crop situation in India may lead to unusually large import needs over the coming year, for example. Therefore, the distinguished Senator from Massachusetts and I are offering an amendment to allow the President emergency powers to increase the level of funding to any one country above 10 percent if he determines that the increased assistance is necessary for humanitarian purposes—but only after he reports to the Congress on his intent to increase such assistance.

It is clearly our intent that whenever funding for title I assistance from any source reaches 10 percent of the total funds appropriated for fiscal year 1975 under title I of Public Law 480, that the President shall consult with the appropriate committees of the Congress and report to the Congress of his reasons if he plans to provide additional assistance.

We feel that these limitations should apply during the fiscal year 1975 only, as a means of encouraging a review and redistribution of the benefits under our food assistance programs on the basis of valid humanitarian needs. However, if appropriate action is not taken over the coming year toward this end, I will consider more permanent measures to insure that the humanitarian objectives of the program are not abrogated.

We should also clarify our intent in regard to title II of Public Law 480. We do not favor additional limitations on this section of our food for peace program, first, because the administration of this title has not raised questions of fairness comparable to title I, and second, because we feel that a certain degree of flexibility is required in the title II program to meet short-term and emergency disaster relief needs.

Mr. President, we are greatly concerned that certain abuses threaten the structure of our food assistance programs. While I am satisfied that these abuses are quite limited, I am afraid that a few such instances tend to shadow the far more significant successes that our food-for-peace program has won over its 20 year history.

It may seem obvious that any good program requires occasional review. Yet the need for such a review is exactly the reason we support the provisions relating to title I of Public Law 480.

We must insure that our food assistance resources are used as efficiently as possible. With the increasing importance of food security to citizens throughout the world, we must continue to explore ways to strengthen and improve our basic vehicles for sharing our agricultural abundance with needy people in the developing nations of the world.

This is a challenge which I have tried to be deeply aware of during my career in the Congress and one which I call upon my colleagues to accept both in terms of your backing on the amendment we are now offering, as well as through continued support for our efforts to maintain our food for peace program as a model for food assistance throughout the world.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

Mr. DOLE. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 5, line 16, strike out the period and insert in lieu thereof a colon and the following: *"And provided further,* That none of the funds appropriated by this Act shall be available to formulate or carry out a program under which import quotas are established at levels higher than those under the Meat Import Act of 1964 but for the suspension of such quotas.

Mr. DOLE. Mr. President, we have waited several weeks now for the Department of Agriculture, and other branches of the Government, to take positive action to limit the quantity of beef imports coming into this country. We have waited too long. The time for action is now. This amendment to the appropriation bill may not accomplish everything the Senator from Kansas would like to have accomplished, but at least it is a step in the right direction. It is an effort not to completely eliminate quotas, but to move them back to the period of 1964.

IMPORT SITUATION GETTING WORSE

In the past few days, we have seen the import situation grow steadily worse. The European Economic Community extended its ban on meat imports through October and made the ban even tighter. This action means that meat shipments which normally would go to Europe will now be diverted to other countries. At this time we are the only major importing nation with our borders completely open to meat imports. The charge that the United States is becoming the world's dumping ground for beef appears to be well justified.

The action by the EEC also clearly indicates that the Europeans are making no effort to assist us in resolving the oversupply of meat which is keeping live animal prices depressed. This refutes the Department of Agriculture's basic argument against limits on meat imports—that European and other governments will work with us in getting through this period of depressed prices. On the contrary, they apparently are pushing their problems off onto us.

The European Community is giving subsidies for the export of their meat products. These subsidies reportedly equal up to half the value of the product

in some cases. The Europeans have stockpiled tremendous amounts of meat and the export of these supplies will further displace foreign meat into this country.

At the same time, Canada has refused to receive our beef shipments. Japan has long since closed its borders to imports.

In view of the reluctance of the Department of Agriculture to take action on limiting meat imports, it is clear that the only way this action will be taken is for the Congress to pass this amendment which I am offering.

DEPRESSED MARKET CONTINUES

The recent increases in live animal prices have helped reduce losses being suffered by livestock producers, but they do not resolve the problem of the depressed market. Prices have risen to the mid-$40's per hundred weight but the cost of gain per hundred weight remains from $50 to $52. Obviously, livestock producers cannot be expected to continue production with losses of this magnitude.

Furthermore, the Department of Agriculture expects meat supplies to rise later this year, which will result in another decline in the price of live animals. Large imports of meat on top of this can only result in disastrous conditions in the livestock industry.

It has been reported that Australians and other exporting countries will not flood our markets with beef shipments. The underlying assumption of this expectation is that Australia and other exporting countries will have adequate grass and forage to provide feed for their cattle through the coming months. The supply of grass depends on the weather and it is unbelievable to me that we should risk the entire future of our livestock industry on the weather conditions in the rest of the world.

RESPONSIBILITY OF GOVERNMENT

We in the Senate have a responsibility to take some action to relieve livestock producers from the import problem. The oversupply of beef we are experiencing presently is a direct result of the price controls and price freeze placed on the livestock industry last summer. That price freeze, instituted by the administration, was supported by numerous Members of Congress. The Department of Agriculture, up to this point, has refused to take any action on meat imports. As I noted earlier, being at least partially responsible for the price freeze last year, we in the Senate have a responsibility to help the livestock industry recover from that disastrous situation.

Consumers clearly have a great interest in this issue. In recent months, placements of cattle on feed have dropped by as much as one-third of last year or more. Unless some action is taken to insure that this trend does not continue, consumers undoubtedly will suffer the result later on in the form of higher prices for meat.

Mr. President, some time ago, the distinguished majority leader held a meeting of Senators concerned about the depressed market in the livestock industry. At that time, 44 Senators endorsed the concept of limiting imports. A number of other Senators supporting the measure at that time were not able to be present at the meeting of the distinguished Senator from Montana.

In my opinion, the position of the Senate is clear and we should now take action to halt the imports of meat. The amendment I offer would accomplish that purpose by barring the use of funds appropriated under this act for maintaining a program permitting a level of imports higher than that specified by the Meat Import Act of 1964.

Mr. President, I urge that every Senator, whether his interests be primarily with livestock producers or with consumers, or both, support this measure.

Mr. President, I would hope the amendment would be acceptable. If not, we will have the yeas and nays.

Mr. McGEE. Mr. President, we have just checked with the department and downtown, and have been assured this does not run against any grain or contradiction. We can take that language to conference.

The PRESIDING OFFICER. All time on the amendment has expired. The question is on agreeing to the amendment of the Senator from Kansas.

Mr. METZENBAUM. Mr. President, I have no idea what is in the amendment.

The PRESIDING OFFICER. Nonetheless, all time has expired. The amendment has been read.

Mr. McGEE. May I tell the Senator what the amendment said? It simply permits the meat quota import regulations under the original act of 1964 to be considered for reimposition without being mandatory because of the place in this bill. We are taking it to conference. It is the standing meat import quota bill that we have had since 1964. All it does is try to underscore and lend emphasis to it.

Mr. METZENBAUM. I thank the Senator from Wyoming.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from South Dakota, who I did not recognize before, be allowed to proceed for 1 minute to offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. McGOVERN. Mr. President, I ask unanimous consent that further reading of the amendment may 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 6, line 8, strike "$212,534,000," and insert in its place: "$212,579,000,".

On page 6, line 21, after the colon, insert the following: *"Provided further*, That of the appropriations hereunder, not less than $45,000 shall be available for research and maintenance at the Eastern South Dakota Soil and Water Conservation Research Farm at Madison, South Dakota:".

Mr. McGOVERN. Mr. President, this amendment would continue a small agricultural research facility in my State. It is doing important work in research on the retention of moisture in those areas of marginal rainfall. It is a vital installation. It has been functioning for some time. I discussed the matter with the chairman, who is managing the bill, and the distinguished ranking member. I hope the amendment will be adopted.

Mr. McGEE. May I say, Mr. President, that the reason for this amendment is the chairman's negligence. I had given a commitment on it. We had examined it carefully. In putting things together, I inadvertently slipped up on it. To that extent, it is a technical correction of my negligence.

The PRESIDING OFFICER. All time on the amendment having expired, the question is on agreeing to the amendment of the Senator from South Dakota.

The amendment was agreed to.

Mr. THURMOND. Mr. President, I would like to offer an amendment to H.R. 15472 to increase the price support level for the 1974 crop of Flue-cured tobacco. This remedial legislation is urgently needed by the farmers of my State as well as a number of other States.

Mr. President, from 1973 to 1974, the cost of producing tobacco increased some 41 percent. However, the Government support price has only increased 7 percent. At the present time, the selling price of tobacco is down from its 1973 level.

My amendment would compensate for this dramatic increase in the cost of production.

Mr. President, I would like to inquire as to whether an amendment of this nature is in order at this time.

Mr. McGEE. I am very sympathetic to the plight of the farmers mentioned by the distinguished Senator from South Carolina (Mr. THURMOND). However, his amendment is a legislative amendment and would not be in order on the appropriations bill.

Mr. THURMOND. I thank the distinguished Senator from Wyoming and agree with his analysis of the parliamentary situation. My interest in offering the amendment to H.R. 15472 at this time is simply to stress the urgency of the problem. However, I agree with his position on this matter and, accordingly, will offer a bill as independent legislation.

The PRESIDING OFFICER. Are there further amendments?

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

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

Mr. McGEE. Mr. President. I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The Chair recognizes the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) for 10 minutes.

Mr. HARRY F. BYRD, JR. Mr. President, I would like to ask several questions of the manager of the bill at this time.

The PRESIDING OFFICER. The Senator will have to use his time for colloquy out of the 10 minutes under the unanimous-consent agreement.

Mr. HARRY F. BYRD, JR. Mr. President, may I ask the manager of the bill this question: As I understand it, on page 1 of the bill, it says the total amount in the bill reported to the Senate is $13.553 million. Now we turn to the last page of the bill, and it would appear to me that tht total appropriation in this bill, including appropriations to liquidate contract authority, is $15.3 billion.

Mr. McGEE. The appropriation for liquidating contract authority does not count in the budgeting process as new obligational authority. At the time it was contracted for it was covered and charged against the Government at that time. It would simply be double charging it on the books.

Mr. HARRY F. BYRD, JR. It is listed under the heading of "New Budget Obligational Authority" enacted to date in fiscal 1974. That item is listed under "New Obligational Authority." It is listed in the budget as "New Obligational Authority."

Mr. McGEE. The authority was chalked on the preceding budget, I am advised by the staff, and the payout is occurring now. But it is not a new item in this budget.

Mr. HARRY F. BYRD, JR. If the Senator will look on page 91 of the report, he will see that it says the amount recommended by the Senate Committee on Appropriations to liquidate budget authorizations is $1,961,500,000.

Mr. McGEE. We want to check the table the Senator is using with ours.

Mr. HARRY F. BYRD, JR. What the Senator from Virginia is trying to understand is how much money we are appropriating. If I read page 91 correctly—and if I do not, I would be glad if the Senator would correct me—the total amount that is being appropriated is $15,314,852,000, not including what the Senate added today. Is that correct?

Mr. McGEE. It is the liquidation of contract agreements.

Mr. HARRY F. BYRD, JR. Regardless of what it goes to, it is tax funds that would be appropriated and then spent. Is that correct?

Mr. McGEE. It is not new obligational authority. This is pay-out in this budget.

Mr. HARRY F. BYRD, JR. It is listed under that column, if the Senator will look at page 91.

Mr. McGEE. This is appropriations, including contract authority. It is a broader spectrum. That is the reason why it is included, in order to keep the outflow accurately recorded.

Mr. HARRY F. BYRD, JR. I understand. But am I not correct——

Mr. McGEE. That would have happened if we had not had an appropriation bill this year.

Mr. HARRY F. BYRD, JR. It has to be appropriated, though, does it not, or else it would not be in the budget?

Mr. McGEE. This is authorized and appropriated. The contract payout is occurring in this fiscal year. It would have happened if we had not had a budget this year. It still would have proceeded, because it was a contract agreement.

Mr. HARRY F. BYRD, JR. Would not the funds have to be appropriated?

Mr. McGEE. The obligation was made. This is the obligation to liquidate the contract authority.

Mr. HARRY F. BYRD, JR. So the total amount which this bill would appropriate is $15,314,852,000.

Mr. McGEE. That is correct.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Leaving out that aspect of it, the bill before the Senate today, the 1975 agriculture-environmental and consumer protection appropriation bill, provides for $13.6 billion, $3 billion over the appropriations bill for last year. That does not include these other items of $2 billion of contractual authority.

Mr. McGEE. That is correct.

Mr. HARRY F. BYRD, JR. This is an increase, leaving out the other figure I mentioned, of 29 percent over the amount of money that was appropriated last year. How can we justify such a tremendous increase in spending?

The bill before us today is the first major regular appropriation measure which the Senate has considered this year.

If we begin our action on spending for the current year with a 20-percent increase, we will be heading once again for more big deficits and more inflation.

The biggest increase in the agriculture spending bill is a billion dollars over last year for the food stamp program, a program that has grown a hundredfold in the 9 years it has been with us.

In 1966, the total program cost $34.4 million. This bill calls for spending $4 billion in the current year. The cost for administration—for salaries, pencils and paper clips—in this bill is more than the entire program cost in 1966.

Recently, a study of the Joint Economic Committee revealed that food stamp program costs may top $10 billion in fiscal 1977. Every fourth American—60 million people—may be eligible for food stamps.

Another major item of increase in the bill is a $760 million boost in spending for the Commodity Credit Corporation.

The increases in these and some other parts of the bill are excessive. Though the various programs may have merit, our top priority must now be the restoration of economic stability.

That cannot be done without budget discipline.

If this bill were reasonably in line with last year's, I could support it. If we could cut this bill back, I could support it. But I cannot support a 29-percent increase.

I have said before, the most under-used word in the political vocabulary is "No." It is time that word be dusted off.

Unless Congress sets an example for the Nation by saying "No" to continuing increases in spending, there is no hope of getting inflation under control.

The easy road of more and more deficit spending is a dead end. Congress has followed it. The administration has followed it. Now the Government must change course, before it is too late.

Double-digit inflation is a tax. It is a hidden tax. It is a cruel tax.

It hits hardest those on fixed incomes, such as the elderly, and those in the lower- and middle-income brackets.

It also eats into every worker's paycheck and every housewife's grocery money.

It undermines confidence in our economic system, our leadership, and our future.

And, inflation itself, as prominent economists have pointed out, has slowed the economy and increased unemployment by discouraging investment and the growth needed to create jobs.

The time has come for fiscal discipline. The Nation, in this time of hardship, just cannot afford our big spending Government.

Many experts agree that we must trim $5 to $10 billion from the President's current budget. The man who is expected to be named Chairman of the President's Counsel of Economic Advisers, Alan Greenspan, has said:

> The Federal Budget has been out of control for a number of years.

He advocates a 1975 budget of less than $300 billion.

Even the liberal economist, John Kenneth Galbraith, has advocated a Federal budget surplus. A first goal, he said, is:

> A fiscal policy that rules out for the indefinite future any expansion of the federal budget.

We must discard thoughts of tax cuts, and, Congress must approve only spending measures that reflect the hard economic realities of the hour.

The fiscal 1975 agriculture-environmental and consumer protection appropriation bill provides for many worthwhile programs, programs that have normally had my support in the years I have served in the Senate.

But this bill provides for a 29-percent increase over the appropriations for last year. That rate of increase is double the rate for the budget as a whole.

If we approve this kind of spending, we are going to continue along the disastrous road to more and more inflation.

I cannot vote to continue on that road.

Although I have been in politics long enough to know that a "no" on an appropriations bill is not pleasant, I shall vote "no."

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing deficits in Federal funds and interest on the national debt, 1956 to 1975.

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

DEFICITS IN FEDERAL FUNDS AND INTEREST ON THE NATIONAL DEBT 1956-75 INCLUSIVE

PREPARED BY SENATOR HARRY F. BYRD, JR. OF VIRGINIA

[In billions of dollars]

Year	Receipts	Outlays	Surplus (+) or deficit (−)	Debt interest
1956	65.4	63.8	+1.6	6.8
1957	68.8	67.1	−1.7	7.3
1958	66.6	69.7	−3.1	7.8
1959	65.8	77.0	−11.2	7.8

Year	Receipts	Outlays	Surplus (+) or deficit (−)	Debt interest
				5
1960	75.7	74.9	+.8	9.3
1961	75.2	79.3	−4.1	9.5
1962	79.7	86.6	−6.9	9.3
1963	83.6	90.1	−6.5	10.0
1964	87.2	95.8	−8.6	11.8
1965	90.9	94.8	−3.9	11.6
1966	101.4	106.5	−5.1	12.2
1967	111.8	126.8	−15.0	14.6
1968	114.7	143.1	−28.4	15.7
1969	143.3	148.8	−5.5	17.
1970	143.2	156.3	−13.1	20.0
1971	133.7	163.7	−30.0	21.6
1972	148.8	178.0	−29.2	22.5
1973	161.4	186.4	−25.0	24.2
1974 [1]	181.8	199.5	−17.7	29.4
1975 [1]	201.4	221.3	−19.9	31.5
20-yr total	2,200.4	2,429.5	−229.1	300.4

[1] Estimated figures.

Source: Office of Management of Budget and Department of the Treasury.

Mr. ROBERT C. BYRD. Mr. President, I wish to express my appreciation to the chairman and the other members of the Appropriations Subcommittee, for the committee's action in including $2,158,000 in the fiscal year 1975 agricultural appropriations bill for the Soil Conservation Service for the development of a planned flood control and water supply project for the Pocatalico River Basin in West Virginia.

As the chairman knows from the evidence which was presented to the committee, there presently exists an urgent need to develop sources of water supply for the communities of Walton, Sissonville, Pocatalico, and Gandeeville, W. Va., which are located in the Pocatalico River Basin.

These communities formerly obtained their drinking water from the Pocatalico River. However, this river experienced several pollution problems starting in 1967, and the water quality has steadily, and irreversibly, deteriorated since that time.

The total cost of this project will be $3,568,000, of which $1,161,000 was provided earlier this year in the supplemental appropriations bill, and the balance is being provided in the pending bill.

I urge the departmental officials to move ahead with this project as soon as possible in order that these communities may be able to obtain their supplies of drinking water locally.

Mr. MONDALE. Mr. President, I wish to address one provision in particular in the bill before the Senate today, the fiscal 1975 Agriculture, Environmental and Consumer Protection Appropriations Act.

Permit me to begin by expressing my gratitude for the outstanding leadership provided by Senator McGEE and the members of the Senate Appropriations Committee in their report on H.R. 15472.

This measure contains a section which I believe to be vital to the Environmental Protection Agency's responsibilities in the field of water pollution control. I refer specifically to the section authorizing the use of water and sewer funds appropriated under Public Law 92–73 and extended under Public Laws 92–399 and 93–135, but impounded by the administration, for lake restoration programs under section 314 of the 1972 Federal Water Pollution Control Act amendments.

The United States is blessed with 100,000 small- and medium-sized lakes, resources which provide an unparalleled variety of opportunities for recreational and scenic enjoyment. Boating, swimming, water-skiing, hiking, fishing, and camping are but a few of the activities the American people look for in vacations and in weekend trips to nearby lakes.

Yet because of the very advantages they provide in sparkling water, plentiful fish, and natural scenery, thousands of fresh water lakes are today endangered.

Mounting population and pressure for open space have often resulted in excessive, unwise, or improper development. Without proper sewage treatment, many lakes have been subjected to overloading of nutrients from municipal wastes. Erosion and run-off in both urban and rural areas have also threatened lake water quality.

As a result, lakes in virtually every State in the country are suffering from accelerated eutrophication or premature aging. Excess growth of algae and weeds and a decline in the quality of fisheries are symptomatic of advanced eutrophication. If this process continues unchecked, lakes will become clogged; they will choke for lack of oxygen; and eventually they may die.

Although the Federal Government has since the mid-1960's devoted increasing resources to water pollution problems, America's fresh water lakes have not received the attention they deserve. In fact, the most fragile part of our acquatic ecosystem has received virtually no protection or help from the Federal Government.

Unlike rivers, lakes have only a limited capacity for self-cleansing. If they are subjected to harmful pollutants or to an overdose of nutrients or sediments, the delicate balance that permits natural lake renewal may be permanently destroyed.

Nonetheless, Federal funds and enforcement authority traditionally have been targeted toward interstate rivers rather than on lakes that are commonly located within a single State. Although more recent legislation has firmly established the eligibility of lakeshore communities for Federal sewage treatment grants, limitation on the availability of Federal funds have placed most small, lake-based villages on the bottom of the priority list for assistance. Finally, even if construction grants for municipal treatment facilities could be obtained, this would represent only the first step toward reclaiming a lake that is endangered by pollution. Land use controls and costly rehabilitation techniques such as flushing, inactivation of nutrients, destratification or dredging must often be employed to return a lake to its natural condition. Neither State nor local governments possess sufficient resources to bear the full cost of effective lake cleanup programs.

Is there a national interest in safeguarding America's small lakes? Congress answered that question with an unequivocal yes in adopting section 314 of the 1972 Federal Water Pollution Control Act amendments. In this provision, which I authored with the cosponsorship of more than 50 Senators of both political parties, the Congress authorized a new program, the first of its kinds, specifically designed to protect fresh water lakes. Section 314 authorizes Federal grants for up to 70 percent of the cost of projects designed to clean up lakes and to keep them clean.

Over the past year and a half, primarily as a result of administration foot-dragging, the Clean Lakes Act has remained only an on-paper law with no regulations or funding to carry it out. The administration has never requested appropriations to provide a penny of the $50 million that was authorized in fiscal 1973, and they opposed congressional initiatives to appropriate any of the $100 million that was authorized in fiscal 1974.

Notwithstanding the administration's opposition, the Congress is now in the process of earmarking $75 million to carry out a clean lakes program in fiscal 1975. Although this represents only half of the $150 million authorization for lake restoration activities in the current fiscal year, if fully committed, it would permit a meaningful first step in the effort to safeguard America's fresh water lakes.

Nearly 1,500 lakes in 40 States across the Nation have already been identified as in need of some type of help. In Florida, State and local officials are desperately seeking Federal assistance to implement restoration programs on lakes like Lake Apopka. Along the shore of Lake Apopka there are today signs posted by the Orange County Health Department declaring it a health hazard for people to swim or fish in the water. By stopping pollution at its source and draining the lake, it could be made suitable for body contact sports.

In south-central Minnesota, the city of Albert Lea is similarly seeking funding to rehabilitate Albert Lea Lake, a 2,600-acre fresh water resource that could provide recreational opportunities for surrounding communities in Iowa as well as Minnesota.

If clean lakes funding were available, the State of Maine might use such assistance to institute a monitoring program that would serve as an early warning system on water quality problems in 44 of the State's most popular recreational lakes.

Michigan might similarly use these resources to help some of the 1,625 lakes that have been classified by the department of natural resources as eutrophic.

The delays experienced so far in getting action on behalf of fresh water lakes have greatly increased the need to launch a substantial program in the current fiscal year. For each year that we fail to take the steps necessary to safeguard endangered lakes, the probability grows that even more costly restorative measures will be needed in the future. And for those lakes that are already suffering from serious water quality problems, the likelihood grows that

they may be permanently lost to pollution. The cost of continued inaction, measured in the destruction of irreplaceable lake resources, is more than this Nation can afford or should be asked to pay.

I am hopeful of prompt approval of H.R. 15472 so that we may begin the urgent task of safeguarding America's fresh-water lakes.

Mr. President, the House of Representatives in June passed H.R. 15472, and they included language authorizing the use of impounded water and sewer money for lake pollution control programs. However, in the House report the committee unfortunately included language which would appear to limit the use of the $75 million involved strictly to grants for sewer systems. As the chairman knows, sewer facilities are only one small part of the task of cleaning up and protecting our lakes; and section 314 of the 1972 Federal Water Pollution Control Act contained language which would permit the use of funds for a wide variety of methods, depending upon which would be the most effective in treating water quality problems of individual lakes. I am pleased that the report of the Senate Appropriations Committee makes clear that the $75 million earmarked for clean lakes could be used for any of the techniques authorized under section 314. I would hope that the chairman would be prepared to hold to the Senate language in this regard when the conferees meet to consider this legislation.

Finally, I would like to address a technical point concerning the language in the House and Senate bills. In each case, the appropriations measure reads, "and $75 million of these funds shall be available for transfer to the Environmental Protection Agency for grants for the clean lakes program pursuant to section 314 of Public Law 92–500."

I was concerned about why the bill read "shall be available for transfer," rather than "shall be transferred"; and I checked with both the Senate and the House Appropriations Committees on this point. I was advised that a bill which read that the funds "shall be transferred" would be subject to a point of order in the House since this would have the effect of legislating in an appropriations bill. Nevertheless, I was advised by both the House and Senate committees that there is no doubt but that the committees' intent was to appropriate the $75 million involved for clean lakes and clean lakes only.

It is my understanding and that of the Senate that in adopting the language on page 40 under the heading "Grants for Basic Water and Sewer Facilities" we are in effect reappropriating $75 million in unused spending authority and transferring the funds from the Department of Housing and Urban Development to the Environmental Protection Agency for its use in carrying out section 314 of the 1972 Federal Water Pollution Control Act amendments.

Mr. GURNEY. Mr. President, over the past several years, I have strongly voiced my concern about our Nation's beef situation and the need to take positive action to protect not only the interests of consumers, but that of the livestock industry as well. We here in Congress are about to take such a positive step for, as you are well aware, the Senate and House Appropriations Committees have included $6.7 million for the construction of the beef import quarantine station at Fleming Key, Fla.

This appropriation of $6.7 million is an antiinflationary step designed to assist the cattle industry in providing a higher quality beef to consumers at lower prices. At this point I would like to briefly explain how we are helping to alleviate our beef problems by appropriating funds to build this animal import quarantine station at Fleming Key near Key West, Fla.

As authorized, this would be a maximum security station enabling us to import beef breeding animals directly from Europe while safeguarding our domestic beef cattle herds from diseases such as hoof and mouth disease, rinderpest, vibrosis, and other diseases.

Mr. President, this is the first type of quarantine station to be developed in the United States. Public Law 91–239, signed by the President on May 6, 1970, authorizes the construction of this station. Further, it authorizes the appropriation of such sums as are necessary to carry out provisions of this act. Congress appropriated in the fiscal year 1973 budget the amount of $300,000 for the preconstruction planning of this project. This planning has been completed and since this is the first time that such a station is to be established some 16.1 acres have been provided for the site of this station so as to accommodate future expansion.

Cattle producers in the United States are facing a tremendous challenge in improving the quality of their herds. The phenomenon called "hybrid vigor" can help improve herd quality, but new bloodlines from foreign sources are necessary to accomplish this.

Some exotic animals have been imported and are being used in developing crossbred cattle herds, however, the process of importation at present has two major drawbacks. One is the length of time that it takes to bring an animal with desirable qualities into the United States through foreign quarantine stations and the other is the fact that the United States does not exercise control over the quarantine process.

While we realize that the foreign quarantine stations are making every effort to protect the cattle herds of the United States from imported diseases, we would be even more confident if our own people were in charge. In addition, to those drawbacks, the high cost of an animal that is imported through Canada or other countries, where the quarantine cost is $5,000 a head and the quarantine period is 3 years, puts a major strain on our domestic cattle producers. Many of them cannot afford the $35,000 to $40,000 each animal costs to import in this manner.

There are three major benefits to the United States in having our own quarantine station. First, it would make it possible to import the extra breeding livestock necessary to expand and improve our herds. Second, cattle importation can be accomplished more economically and third, the United States would be in control of the quarantine process. Imported bloodlines would help produce calves with increased weaning weights, smaller amounts of carcass fat, higher calf survival rates, and improved fertility of breeding animals. In dairy animals, additional imports would produce fertility, higher calf survival and an increase in milk production.

Mr. President, the wisdom of the Senate and House committees in including the $6.7 million in this year's budget is justified not only because of the abovementioned facts, but also in light of construction costs which are escalating at a rapid rate. If this money had not been included in this year's budget, a further delay in the start of construction would have meant additional costs as inflation pushes up the cost of labor and materials which are high enough as it is.

Although I am not a member of the Appropriations Committee, I have testified before both the Senate and the House committees in the past urging them to include $6.7 million in the budget for this project. I am pleased that the committee has placed a high priority on the Fleming Key project and I feel we here in the Senate must be level-headed in voting favorably on this measure. Certainly, we must decide how best we can spend a limited number of Federal dollars, however, I feel it is reasonable to invest the $6.7 million now rather than to have the livestock industry of our country continue to spend $1 billion a year to improve their herds. I feel it is also important that we budget, for the coming fiscal year, sufficient funds to allow the U.S. Department of Agriculture animal and plant health inspection service to make continued improvements on the Fleming Key Station.

America needs the Fleming Key Station to help increase the quality and quantity of its beef and to insure consumers of an adequate supply of high quality beef at a reasonable cost. The action that we take today on this measure will allow the cattle industry of our country to meet these needs. Therefore, I urge my colleagues here in the Senate to favorably consider this project and pass this measure without delay.

Mr. BUCKLEY. Mr. President, we are in the midst of an unprecedented peacetime inflation. Even liberal economists, such as John Kenneth Galbraith, are now pointing to the urgent need, in his words, to establish "a fiscal policy that rules out for the indefinite future any expansion of the Federal budget."

Yet today, we are urged to approve an agricultural appropriation bill that exceeds last year's by 28 percent; and that exceeds the administration's 1975 budgetary request by more than $260,000,000—more than a quarter of a billion dollars to fuel the inflation.

It may well be, Mr. President, that some of the programs covered by H.R. 15472 ought to have been expanded, but if so, I believe it was incumbent on the committee to cut back on others, to apply priorities to those areas in which it has special competence.

The time is long overdue for hard decisions. If we do not have the guts to

make them, then I hope and pray that the public will demand economy in Government by withholding their support this November from all incumbents who persist in their support of inflationary spending.

It goes without saying, Mr. President, that I will vote against adoption of H.R. 15472 as reported out, unless substantial amounts can be pared in the course of floor debate. In doing so I do not cast judgment on its component parts. I am simply voting in support of the proposition that our paramount domestic priority is and must be to bring inflation under control.

Mr. ROTH. Mr. President, today we are considering a bill to appropriate over $13.5 billion for agricultural, environmental and consumer programs. We are being asked to approve a bill which is $120 million more than the President's budget request, and $147 million more than was approved by the House of Representatives.

Furthermore, we are being asked to approve an increase of almost $3 billion over last year's spending level.

The programs funded by this bill are laudable and worthwhile, but we are going to have to draw the line somewhere.

I want to emphasize that I support many of these programs, such as the sewage treatment programs, the soil conservation services, and the volunteer firemen program. But I do not believe that a 22-percent increase over last year's funding is justifiable with the inflation we are experiencing.

In fact, I believe such excessive spending is fiscally irresponsible and inflationary.

The issue before us today is not an agricultural program or an environmental protection program, and it has nothing to do with consumer affairs. The issue I am raising today is inflation and excessive Federal spending.

This country has lost both its economic discipline and its economic leadership. The Congress has not only the opportunity but the responsibility to assert itself in the fight against inflation.

A few weeks ago, 74 Senators voted to hold down Federal spending to $295 billion. At the same time, 54 Senators sent a letter to the President asking him for a balanced budget in fiscal 1975.

But the recent budget scorekeeping report showed that Senate action to date could increase the budget level to $310 billion. And several budget analysts have predicted that Federal spending will soar as high as $315 billion.

Day after day, Members of Congress have spoken out on the need to control Federal spending. But a Senate speech will not control Federal spending, nor will it put an end to the rising cost of living.

Each and every Member of Congress has the responsibility to help put our fiscal affairs in order, and that responsibility translates into a Member's vote.

The only way Members of Congress can control Federal spending is to vote against inflationary Federal spending bills.

The inflation in this country today has frightened and confused the American people. It has jeopardized their way of living and it has threatened their dreams.

The American people are looking to Washington for guidance and hope in the fight against inflation.

We in the Congress can give the American people some ray of hope. We can show the American people that we are serious about fighting inflation.

In my 7 years as a Member of Congress, I cannot remember a single occasion when the Congress rejected a spending bill because it was too expensive or too inflationary.

I believe it is high time for the Congress to start rejecting these budget-breaking bills. We cannot hope to control inflation until we begin to control excessive Federal spending.

I intend to vote against this excessive spending bill, and I urge each of my distinguished colleagues to vote against this bill.

Mr. HUDDLESTON. Mr. President, I commend the able chairman of the subcommittee for the legislation he has brought to the Senate floor.

The pending bill is of far-reaching significance to my State of Kentucky, as well as to other farm and rural States throughout this Nation. It will permit a number of important programs and projects to proceed—programs and projects which are necessary if we are to secure our food production system and promote the development of our rural areas.

With this legislation, the Department of Agriculture can initiate the cost-sharing grants to rural communities to improve their firefighting capabilities through training programs and acquisition of equipment. Fire protection is a prerequisite for rural development, and many States, including my own, are anxious to strengthen rural fire services. This program was first authorized in the 1972 Rural Development Act—title IV—and expanded under amendments Senator DOLE and I offered to the farm bill last year. It is, consequently, beyond time for this program to be implemented.

Under the bill, we can also move forward on several other programs related to rural development—water and sewer facility loans, rural industrial development loans, rural community facility loans and water and waste disposal grants. All of these are imperative to the proper use of our rural resources and to making additional opportunities available to the residents of our rural areas.

I am also pleased with the emphasis which the legislation gives to rural conservation programs. At a time when agricultural production is being expanded and additional, often marginal, acres are being returned to use, when farmland is being lost to urban and other uses and when forest and water resources beg for attention, our conservation needs cannot be ignored.

In June oversight hearings before the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, which I chair, the importance of these programs was clearly demonstrated. Likewise, the reluctance of the Department to pursue them fully was also demonstrated. In view of this the directives in the committee report that the Soil Conservation Service be maintained at a permanent full-time strength of 13,800 for fiscal 1975 and that the local committee system of designating acceptable conservation practices be continued are only reasonable.

The bill also provides for continued study of rural transportation needs and policy alternatives. The Department has already undertaken such a study and the pending bill will permit expansion of this study which could have broad implications for the movement of food throughout our country, the development and vitality of rural areas, coping with the energy crisis and facilitating the movement of people.

Again, the Agriculture Subcommittee on Production, Marketing, and Stabilization of Prices, which I chair, will be examining rural transportation, especially the movement of grain, in field hearings in the Midwest on August 1–3. Preliminary research for those hearings indicates that our rural transportation systems are deteriorating and that steps must be taken forthwith to insure adequate transportation facilities in the future. I hope, therefore, that Department recommendations will soon result from these studies.

Mr. TUNNEY. Mr. President, I am very pleased that the Senate Appropriations Committee has seen fit to increase the funding level for an Environmental Protection Agency program to continue research and development of energy-efficient engines.

Last year I introduced legislation to fund research and development of alternatives to the internal combustion engine. This legislation, S. 1055, was added by the Commerce Committee to S. 2176, the National Fuels and Energy Conservation Act. Although S. 2176 was passed by the Senate it has not been brought up before the House yet. With increased pressure to develop engines which emit no pollution to meet the health requirements of the public and the need to conserve needed energy supplies, it is essential that research programs be allowed to continue into the aspects of pollution-free, energy-efficient engines.

There is a program that exists within the Environmental Protection Agency aimed at developing new energy-efficient engines. In the past, however, this program has been underfunded and understaffed largely due to the lack of support by the administration.

I was, therefore, very pleased when the President, in his fiscal year 1975 budget message, requested an additional $10 million for the program above the fiscal year 1974 funding level of $7.2 million. The additional funds were anticipated to be used for research and development of the energy saving aspects of alternative engines. Unfortunately, however, the House of Representatives denied the request for the additional $10 million on the basis that this type of research should be privately funded.

In hearings held by the Senate Commerce Committee on S. 2176, it was repeatedly pointed out that the private sector has not been providing adequate funding for this type of research and de-

velopment. In fact, the percentage of research and development money devoted to power sources by the Ford Motor Co., and the Chrysler Corp., for example, has declined steadily in recent years. For example, from 1967 to 1969 the Ford Motor Co., spent 25 percent of its research and development money on alternative power sources and the Chrysler Corp. spent 17.7 percent. From 1970 through 1973, Ford Motor Co., spent 17 percent and Chrysler Corp., spent only 2.3 percent of its research dollars on the development of alternative power sources. Data was not received from General Motors.

It is clear, therefore, that to depend upon the private sector to adequately fund the research and development of energy-efficient engines is, for the present, useless. The need for energy-efficient automobiles is now, not at some far distant time in the future.

Senator MAGNUSON, Senator HART, and myself, therefore, wrote to subcommittee Chairman GALE MCGEE, pointing out the necessity for increased funding for EPA's program. Although far greater funding is necessary than is provided by the administration's request, this money can be used in a useful fashion at this time.

The increased funding approved by the Senate Appropriations Committee would allow vitally needed research into some highly promising alternatives to existing engines to proceed. Stirling cycle engines, which could double the fuel economy of existing engines, could be studied as could diesel engines and alternative fuels. None of this would be possible without the additional funding.

While this program lacks the strong focus that S. 2176 would provide if passed into law, it is an important step in finding some answers to the problem of developing energy-efficient engines.

I, therefore, request my colleagues to give their full support to this needed increase in funding.

Mr. HATFIELD. Mr. President, as the Senate considers H.R. 15472, the agriculture appropriation bill, I would like to take a moment to commend the chairman of the Agriculture, Environmental, and Consumer Protection Subcommittee, Senator MCGEE, and the subcommittee staff, for their diligent work on this important appropriation bill.

Further, I would like to point out that this budget contains $1.2 million for an important wheat research project. Senator MAGNUSON and I have worked on this for several years. Recent wheat deals, wheat shortages, bread price problems and wheat imports have all demonstrated how important wheat is to the agricultural economy and to the American consumer. We need to insure that we have enough wheat to meet our domestic and international requirements.

Currently an estimated 110 million tons of soil are eroded annually on the croplands of the Pacific Northwest. This is a loss equivalent to losing 2 inches of topsoil from 330,000 acres of land per year, or equal to the amount of earth required to fill a pit measuring 1 mile on each side and 86 feet deep.

All residents of the Pacific Northwest are directly or indirectly affected by this wind and water erosion problem. This erosion is slowly destroying one of our few renewable resources. Loss of this resource affects the production of all crops. The three States of Oregon, Washington, and Idaho produce between $700 and $900 million worth of small grains annually; a similar amount is being contributed to the economy of the area through supporting businesses and services. The economy of the Pacific Northwest in turn has an effect on still greater numbers of citizens nationally; thus wind and water erosion in the Pacific Northwest has a serious impact on the well-being of the whole Nation. Additionally, a large part of this Pacific Northwest wheat is export thus affecting our balance of trade as well.

The proposal funded by this budget is called STEEP—Solutions to Environmental and Economic Problems. The objective of this research is to create a coordinated regional research program to attack the problem of erosion in the crop producing areas of the Pacific Northwest while at the same time maintaining or even increasing the productivity that is so important to the economic and social viability of the region. The research will be conducted by Federal and State scientists currently in the universities of Idaho, Oregon, and Washington and in the agricultural experiment stations in Aberdeen, Idaho; Pendleton, Oreg.; and Pullman, Wash.

Mr. President, I commend this project to the Senate and to our colleagues in the House of Representatives, and urge its retention when the bill goes through its final consideration in conference committee.

Mr. HOLLINGS. Mr. President, I would like to take this opportunity to bring to the attention of the Department of Agriculture the critical problems facing America's shrimpers. The shrimp markets in the United States are experiencing significant price declines due largely to unusually large supplies and weakened demands. These declines in turn are leading to financial chaos. The situation is aggravated by the high prospects for good catches this summer in the Gulf of Mexico and the likelihood of large imports from international markets.

I urge the Department of Agriculture to purchase shrimp from American supplies under the commodity distribution program for the needy, the aged and schoolchildren.

As we debate the Agriculture Appropriations bill today, I would ask Mr. MCGEE, the distinguished chairman of the subcommittee, to work for the same solution proposed for the beef industry. Shrimpers share problems similar to those facing beef producers and we need to take the same approach in solving shrimpers' problems.

At a time when the need for high protein diets is at an all-time high, I can think of no better solution than shrimp.

I have written the President on the severity of the shrimpers problem and I ask unanimous consent that it be printed at this point in the RECORD.

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

U.S. SENATE,
Washington, D.C., June 25, 1974.

HON. RICHARD M. NIXON,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On June 13, a bi-partisan group of Senators, including myself, communicated to you our concerns over the current declines in livestock, poultry and egg prices. These declines and the concurrent losses to producers have created a problem of crisis proportions in this entire market complex.

Our food complex is highly interrelated, and I would take this opportunity to point out another facet of it which is also experiencing serious pricing problems, namely, the shrimp industry. This situation is clearly depicted in a report prepared by the National Marine Fisheries Service of NOAA, which was released just a few days ago. The shrimp markets in the U.S. are experiencing significant price declines due largely to unusually large supplies and weakened demand, and these declines in turn are leading to financial chaos, particularly among the shrimp fishermen. The situation is aggravated by the high prospects for good catches this summer in the Gulf of Mexico and the likelihood of large imports from international markets.

Immediate action is necessary in order to ease the impact of these factors on the already depressed market. Accordingly, I urge you to initiate substantial government purchase of shrimp for use in feeding our school children, in our commodity distribution program and in our Armed Services. As in the case of meat, poultry, and eggs, this action will serve the dual purpose of reducing excessive stores of shrimp while upgrading the diet of our children, aged and poor. In addition to these purchases, I urge you to initiate a review of our current shrimp import policy to determine what steps should be taken to prevent dumping of surplus world supplies on American markets.

This situation is serious, and I urge your careful attention and prompt consideration.

With kindest regards, I am,

Sincerely,

ERNEST F. HOLLINGS.

Mr. HOLLINGS. I urge immediate action before we lose one of America's most important food industries. The Department of Agriculture can make shrimp available to millions of Americans and the Department of Defense, through its purchasing programs, can provide shrimp to our Armed Forces. But we need to act now.

Mr. MCGEE. As one who has been very much concerned about the problems facing the beef industry, I am very much aware of the kind of situation described by my colleague Senator HOLLINGS. Without an adequate price for their commodity the beef industry will suffer irrevocable damage. While I was not personally aware that a similar plight was being experienced by the shrimp industry, I certainly concur in Senator HOLLINGS' conclusion that action by the Department of Agriculture under its section 32 authority would be an important factor in providing relief to that industry. I commend my colleague from South Carolina for bringing this matter to our attention.

A PROTEST AGAINST FOOD PRICES

Mr. RIBICOFF. Mr. President, I will vote against final passage of H.R. 15472 which includes appropriations for Department of Agriculture programs for fiscal 1975.

The consumers of America are faced with skyrocketing inflation. Food prices have been going up at an astonishing rate over the last year. One of the reasons is our agricultural policy. It makes absolutely no sense to pay giant agribusiness corporations not to grow food. This policy of encouraging scarcity may help keep corporate profits up, but it also assures grocery shoppers that they will pay more for food.

The fiscal 1975 agricultural appropriations measure continues this irrational policy through an appropriation of over $4 billion to the Commodity Credit Corporation which administers the commodity stabilization program. In the words of the Appropriation Committee report:

> To encourage production adjustments and to maintain farm income, payments are made under the cotton, feed grains and wheat programs for "setting aside" cropland from the production of crops to conserving uses.

This is bad agricultural policy. It is bad for the consumer who has to pay inflated high prices at the market and it is bad for all who go hungry.

Our farm economy should be a free economy operating without subsidies and without restricting the number of acres which can be planted. In a world of high food prices and food shortages we cannot afford to continue a policy which artificially restricts production and keeps prices high.

In voting against the agricultural appropriations, I want to make it clear that I strongly support full appropriations for the environmental and consumer programs which are included in titles III and IV of this bill.

The Consumer Product Safety Commission and the FTC deserve full and adequate funding to carry on their work to protect the consumer.

I also strongly support the child nutrition, special milk, and food stamp programs. They have helped bring nutrition to many who cannot afford a proper and balanced diet. I have worked with my colleagues on the Senate Agriculture Committee and the Nutrition Committee to expand and upgrade these programs.

And I strongly support the environmental programs of title III in this bill which provide needed funding for programs ranging from the Environmental Protection Agency to HUD grants for basic water and sewer facilities.

It is ironic that the same bill which provides appropriations for the major consumer programs also provides billions of dollars for programs which raise food prices to the consumer and contribute so much to inflation and high taxes.

Mr. MONDALE. Mr. President, I should like to address another item in the Appropriations Committee report of H.R. 15472, that of funding for wild rice research.

The cultivation of wild rice is of enormous importance to the State of Minnesota. It is fast becoming an important food crop in undeveloped areas of Wisconsin and Michigan as well. In this time of food shortages, research to increase wild rice productivity is of not just regional, but also national and worldwide importance.

In the past the Senate Appropriations Committee has demonstrated strong interest in wild rice research, and I would like to thank the chairman and the committee for their consideration of funding requests not only this year, but also in previous years when the program was just beginning.

As the chairman knows, for fiscal 1975 a request was made for a total of $225,000 to be divided between the Northern Regional Research Laboratory of the Agricultural Research Service in Peoria, Ill., and the Agricultural Experiment Station of the University of Minnesota.

The House of Representatives added $1 million to the Agricultural Research Service budget to carry out priority research projects including research on wild rice.

I am pleased that the Senate Appropriations Committee went a step further and added a separate appropriation of $100,000 specifically earmarked for wild rice.

I understand that a share of this appropriation can be used to cover research that is being carried out at the Agricultural Experiment Station at the University of Minnesota, as well as by the ARS in Peoria.

In addition, I am advised that the Senate Appropriations Committee provided the $100,000 not in place of, but along with the funds that are available for wild rice research under the $1 million added in the House bill.

I would hope that when the Senate and House committees go into conference on the agricultural appropriations bill, the Senate will fight to uphold its decision to earmark $100,000 for wild rice and wild rice alone, and that they will also agree to accept the language in the House report respecting the use of supplemental ARS funds for wild rice among a variety of other crops.

This money is desperately needed so that we can have an effective wild rice research program. It would permit necessary research to develop earlier maturing, disease resistant and nonshattering varieties of rice, thereby eliminating the major barriers to expanded production.

Through the combination of the $100,000 earmarked in the House bill and the additional funds for wild rice research under the $1 million House provision, I would hope it would be possible to make available the full $225,000 needed to carry out this important work.

COOPERATIVE STATE RESEARCH SERVICE PORTION OF THE 1975 AGRICULTURAL APPROPRIATIONS BILL

Mr. BENTSEN. Mr. President, last week, both the Secretary of Agriculture and the Chairman of the Council of Economic Advisers predicted that food costs would increase in the months ahead—continuing the already budget-busting spiral of many family food budgets.

At the same time, I and many of my congressional colleagues, have warned about an approaching world food crisis—a multifold spirit in the demand for food stuffs, which, if we do not take adequate cognizance of it now, will only add to the inflationary domestic food cost in the future.

In view of these two trends, I believe it behooves all of us in public service to reach and find some answers. Simply blaming the farmer for high food cost will not do. And, in my judgment, that is wrong. And, simply shutting the export doors for our agriculture products will not work either. This approach is also the wrong approach.

One of the possible answers, I believe to both of these pressing problems—higher cost at home and greater demand from abroad—lies in the area of expanding our dollar commitments to agricultural research.

But, I have been shocked to learn that our Government's attention to agricultural research has decreased in recent years.

Indeed, the policies of the current administration has reduced the personnel of the Department of Agriculture's Agricultural Research Service by almost 10 percent since 1970.

And this personnel reduction coupled with the fact that our funding of agriculture research has not kept pace with inflation, has forced our research effort to remain stagnant at roughly 1960 levels—14 years behind with today's skyrocketing food prices.

In addition, Mr. President, in last year's budget, the administration indicated that it is their long-range goal to continue to reduce spending on agricultural research. I quote from the President's 1974 budget where it stated the intention to—

> Curtail anticipated growth in agricultural extension programs and reduce Federal support for agricultural research of primarily local benefit and low national priority.

I do not believe that the course chosen by the administration is the wisest course to follow.

I do not believe that this negative approach to expanding food supply and reducing cost to the consumer can be allowed to continue.

I do believe that if America is to meet its commitments—both to its own people and to the people abroad—we must forge ahead with the kind of agriculture research that will bring about additional green revolutions.

I know that we cannot expand our food supply by allowing our research and development efforts to slip.

It is for this reason that I appeared before the Appropriation Subcommittee on Agriculture in April of this year and presented detailed plans requesting $27 million over the President's budget for agriculture research. It was a carefully thought out budget compiled by State Experiment Station Directors from all across the country, and represented an excellent game plan for increasing farm productivity and lowering food prices.

Mr. President, I ask unanimous consent that a copy of my presentation before the subcommittee on April 24, 1974, as well as my February 7 remarks on agricultural research be included in the RECORD at the close of my remarks.

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

(See exhibit 1.)

Mr. BENTSEN. Mr. President, I greatly appreciate the consideration that Senator McGEE and his subcommittee have given to my budget request. It is my understanding that the committee has seen fit to increase the President's budget for agriculture research by more than $10 million. The committee has demonstrated a governmental awareness of the importance agricultural research and its relationship to consumer food prices. The committee has reversed the trend of reduced emphasis on agricultural research, and I applaud the wisdom of the committee. I hope this is a turning point in the amount of our resources we devote to agriculture research efforts.

I would have preferred to see the committee approve my full $27 million increase request. The amount had been carefully budgeted by the Experiment Station Directors to increase the farm productivity of this country, and because the budget concentrated on increasing food production I feel it could be viewed as anti-inflationary.

Mr. President, perhaps, it is for this reason that the budget request has drawn strong support from both farm and urban sectors. I ask unanimous consent that editorials from the Progressive Farmer and the San Francisco Examiner be entered into the RECORD at this point as examples of the support I have found for this request around the country.

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

PROGRESSIVE FARMER PRAISES SENATOR LLOYD BENTSEN'S PROPOSAL TO INCREASE AGRICULTURAL RESEARCH

RESEARCH POOL GETTING LOW

The U.S. investment in farm research pays good dividends. The efficiency and productivity of American agriculture are largely the result of research. So it is a matter of serious concern when we slacken our efforts to keep the "research pool" full of good ideas that farmers may use to increase production and to lower costs.

In 1955, USDA spent 10.7% of its total budget for research and development. Last year, research's part of the budget had dropped to 2.5%. As a result of inflation and other causes, there were 232 *fewer scientist man-years* devoted to agricultural research in 1973 than in 1966. This could soon mean trouble.

Unused research is getting low. We will pay dearly if we allow the "technology pool" to drop any lower.

With the new farm program, it is estimated that USDA is saving about $2 billion that it would otherwise pay out in price supports. A good part of this savings should be invested in agricultural research. As Senator Bentsen of Texas points out: "By reducing the expenditures for farm programs, we have funds available for increasing farm research. If we miss this chance to increase agricultural research and development in coming years, we will look back with remorse and regret."

SAN FRANCISCO EXAMINER PRAISES SENATOR LLOYD BENTSEN'S PROPOSAL TO INCREASE AGRICULTURE RESEARCH

NO TIME TO SCRIMP ON FARM RESEARCH

Senator Lloyd Bentsen (D-Texas), has provided the Senate Appropriations Committee with some sound information and a timely warning. He cited world food needs and called for restoration of deleted budgetary funds for agricultural research.

Americans are accustomed to farm surpluses, which came about in good part because research enormously increased farm production. But the food demands of a rapidly growing world population today grow more urgent while surpluses threaten to become deficits. A half to three-quarters of our wheat crop now is exported. So is a fifth of our corn, a third of our cotton and more than half our soybeans. The export demand extends across the full range of crops, as California growers will testify.

The U.S. responsibility as a food producer is bound to increase in the coming years. Research is essential if the farms are to meet these higher production goals.

Director of the State Agricultural Experiment Stations and university agriculturalists are urging a $27 million budget increase for farm research. Bentsen put their case eloquently. We hope the appropriations committee will respond to the need.

Mr. BENTSEN. Mr. President, I think the committee has made a major step forward. The amount is not all I would have wanted. I had hoped the committee would add additional funding.

But the important point is that the Congress has turned the tide. We have reversed a potentially dangerous trend of less agricultural research. We have begun an expanded program, and with that an expanded promise of more food, better food, and hopefully cheaper food.

EXHIBIT 1

STATEMENT OF SENATOR LLOYD BENTSEN BEFORE THE APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE, APRIL 24, 1974

Mr. Chairman, I appreciate this opportunity to appear before this disinguished Subcommittee. I am here to plead a case on behalf of the American consumer and ask this Committee to take steps to increase our farm productivity and bring down food prices.

Mr. Chairman, at one time this country was known as the "Land of Plenty". However, in the last year, headlines have not told of plenty, but of shortages and feared shortages, of price freezes and freezes lifted, of angry consumers, of irritated and confused farmers, and of devaluations and balance of payments problems. This situation has brought at a minimum genuine concern and at a maximum, bewilderment to the minds of Americans. It is no wonder that in face of these headlines, a recent study has revealed that 40% of our population fear a serious food shortage in this Country within the next 10 years.

Mr. Chairman, the situation is very serious. For the first time in years the percentage of the family budget being spent on food has increased. This fact has sent repercussions all through our economy. It is a warning that we in Congress must review what has kept our food costs down in the past, and increase our efforts to return to the days of plentiful, economical food.

One of our greatest assets in maintaining low food prices has been the unsurpassed productivity of the American farmer, aided to a great extent by the agricultural effort of this country. It is research that has given our farmers the knowledge and expertise to be able to produce plentiful quantities of food.

Past examples of our agricultural research accomplishments are dramatic:

Through the development of hybrid corn, and related production practices, National corn yields have doubled in the last 15 years.

Yearly egg production has increased from 200 to 300 eggs per hen due to research efforts.

Milk production per dairy cow has increased 50% in the last 15 years due to advances in genetic research, animal nutrition and management.

The hog has been completely re-designed so that the average yield of lard per hog has dropped 27% while red meat has increased 11%.

The poultry industry increased its production and efficiency greatly to the benefit of the consumer.

The poultry broiler was unknown forty years ago, but after extensive research, it is now the basis for a plentiful, economical supply of chicken.

In addition, the productivity spawned by research has enabled this country to greatly expand its export effort.

From one-half to three-fourths of the U.S. wheat crop is now exported, one-fifth of our corn, about one-third of our cotton, and more than one-half of our soybean crop. Our exports of farm products added $17.7 billion to our balance of payments in the calendar year 1973. These exports have played a large part in helping erase our trade deficit and stabilize the dollar.

Thus our country's investment in agricultural research and developments systems has paid off in abundant and low cost food for consumers at home and in outstanding commercial gains in world trade.

These successes are dramatic, but they have lulled this country into taking its agricultural productivity and research for granted. The emphasis on research in recent years has decreased, and it is a disturbing fact.

Mr. Chairman, in 1955, 10.7% of the total U.S.D.A. budget was expended in research and development. In 1973, only 2.5% of the U.S.D.A. budget was marked for research. This is a dramatic reduction and would have been even worse had not the Congress, on the wise recommendation of this Committee increased the 1973 R & D figures over what the present Administration had recommended.

Perhaps the clearest example of a reduction in the emphasis of Agricultural research is the fact that due to the policies of the current Administration, the personnel of the U.S.D.A. Agriculture Research Service has been reduced by almost 10% since 1970. This personnel reduction coupled with the fact that our funding of agriculture research has not kept pace with inflation, has forced our research effort to remain stagnant at roughly 1960 levels—fourteen years behind with today's skyrocketing food prices!

Mr. Chairman, I ask unanimous consent to insert at this point a chart which demonstrates how our expenditures for agricultural research have not kept pace with inflation.

(NOTE.—Chart not printed in the RECORD.)

In addition, Mr. Chairman, in last year's budget, the Administration indicated that it is their long-range goal to continue to reduce the spending on Agriculture research. I quote from the President's 1974 budget where it stated the intention to:

"Curtail anticipated growth in agricultural extension programs and reduce Federal support for agricultural research of primarily local benefit and low National priority."

The definition of this phrase are subject to question, but it is my position that we in Congress must not allow the research that can lower our food prices to be caught in this philosophy.

We must also be concerned about the question of whether we can continue to produce as abundantly as we have in the past. For a great many years, the United States has been blessed with favorable moisture for bountiful crops. But this could change, like it has in Africa. In fact, recently several scientists have begun warning that the world's weather is changing and that adequate rainfall could become a critical problem across the world.

Mr. Chairman, the clear de-emphasis of agriculture and the increasing problems in

meeting our food demands are very disturbing and I appear before you today with the plea that we in Congress hear the cry of the consumer and increase our emphasis on Agriculture Research in an effort to bring down food prices and to prevent drastic food shortages.

There is an effective plan to do this in the form of a proposed budget which the Directors of the State Agricultural Experimental Stations have proposed. The Directors carefully analyzed their ongoing research programs in line with the Nation's research needs and presented to the Secretary of Agriculture a budget for 1975 which would provide the appropriate funding needed to attack the problems which face America's agriculture. Yet the budget recently submitted to the Congress by the President reflects very little of their input. Instead, the President's is a "business-as-usual" budget, one which does not seem adequate to accomplish what must be done through research to provide our farmers and ranchers with adequate incomes without spiraling food prices for our consumers.

Mr. Chairman, permit me to provide to the Committee and submit for the record a copy of the 1975 Federal budget for agricultural and forestry research as proposed by the Directors of the State Agricultural Experimental Stations. It is an action-oriented research budget, and I shall proceed to compare their request with specific items in the Executive Budget where appropriate.

Mr. Chairman, appropriations under the Hatch Act of 1887 in the President's budget provides for increased funds to only meet increased costs of conducting research, and as are required to be set aside for Federal administration. No additional funds for expanding the research effort of the State Agricultural Experimental Stations are included under this authorization. However, the Directors of these stations have proposed, and I endorse, additional funding of $21,844,000 under this authorization. They have indicated the topics which they feel need to be more adequately studied.

These include:

1. An expanded research effort to maintain and improve the quality of our natural resources of soil, water and air as it relates to agricultural forestry. Research to be undertaken will include waste management and utilization, especially as concerned with animal production systems; studies concerned with the reduction of pollution as a result of the use of chemicals in agriculture, and research on improved management and conservation practices to reduce runoff and erosion, thus protecting our soils and water supplies. Funds requested are $4,647,000 for this area of work. In comparison, the President's budget does not provide for any expansion of effort in this area under this authorization.

The Directors of the State Agricultural Experimental Stations and the National Association of State Universities and Land Grant Colleges support the following changes (increases) in Federal support for research—FY 1975:

Hatch Act (P.L. 84–352 as amended 1955)

1974 appropriation	$70,104,000
Increases for 1975:	
Cost of conducting research	4,071,000
Research program expansion	21,063,000
CSRS (USDA) administration	754,000
Total Hatch increase	25,888,000
1975—Total Hatch requested	95,992,000

McIntyre-Stennis (forestry research)

1974 appropriation	6,203,000
Increases for 1975:	
Cost of conducting research	$372,000
Research program expansion	1,884,000
Total McIntyre-Stennis increase	2,256,000
1975—Total requested	8,459,000

Specific grants (P.L. 89–106)

1974 appropriation	700,000
Increase requested	3,081,000
1975—Total requested	3,781,000

Special grants—Colleges of 1890 (P.L. 89–106)

1974 appropriation	10,883,000
Increases for 1975:	
Cost of conducting research	653,000
Research program expansion	1,884,000
Total increase (1890)	2,537,000
1975—Total requested	13,420,000

Rural Development Act of 1972 (P.L. 92–419)

1974 appropriation	1,500,000
Increases for 1975:	
Cost of conducting research	86,000
Research program expansion	2,086,000
CSRS (USDA) administration	86,000
Total rural development increase	2 258,000
1975—Total requested	3,758,000
Total requested 1975	[1] 125,900,000

[1] Includes $490,000 Federal administration.

Increases Requested from Federal Sources (CSRS) in Support of Agricultural, Forestry, Home Economics and Rural Development Research at the State Agricultural Experiment Stations, Forestry Schools, Colleges of 1890 and Tuskegee for Fiscal 1975:

Hatch

A. Increased cost of conducting research (6% of fiscal year 1974 appropriation)	$4,071,000
3. CSRS Administration	754,000
C. Program response to urgent needs	21,063,000
1. Improvement of environmental quality and conservation of natural resources	4,647,000
(a) Waste management and utilization	1,450,000
(b) Reduction of pollution from chemical used in agriculture	1,450,000
(c) Improved management and conservation practices to reduce runoff and erosion	1,747,000
2. More efficient crop production through new and improved yielding, better quality disease and insect resistant varieties, product quality improved production management practices and marketing	6,811,000
(a) Corn	906,000
(b) Soybeans	1,450,000
(c) Grain sorghum	544,000
(d) Wheat	830,000
(e) Forages	906,000
(f) Cotton	1,025,000
(g) Fruits	575,000
(h) Vegetables	575,000
3. More efficient livestock and poultry production through improved disease and insect control, reproduction, product quality improvement and production management systems and marketing	6,814,000
(a) Beef	$3,262,000
(b) Dairy	906,000
(c) Poultry	906,000
(d) Swine	1,450,000
(e) Sheep	290,000
4. Human nutrition and food safety	2,791,000
(a) Improved nutritional quality of crops and livestock products	800,000
(b) Protecting food from mycotoxins and other natural occurring contaminants	800,000
(c) New and improved food products for domestic and export markets	600,000
(d) Nutritional requirements of people	591,000
Total—Hatch	25,888,000

McIntire-Stennis

A. Increased cost of conducting research (6% of FY 74 appropriation)	372,000
B. Program response to urgent needs	1,884,000
1. More efficient forest management practices	652,000
2. New and improved use of forest materials	652,000
3. Improved biological efficiency adapted to soils and climatic conditions	580,000
Total—McIntire-Stennis	2,256,000

Specific grants to further USDA programs, Public Law 89–106

1. Pest management systems including weeds, insects and diseases	544,000
2. Unique approaches to solving the energy crisis in rural America	812,000
3. Land use	725,000
4. Transportation and marketing problems of agricultural and forestry products	1,000,000
Total—Specific Grants	3,081,000

Special grants at colleges 1890 and Tuskegee Public Law 89–106

A. Increased cost of conducting research (6% of FY 74 appropriation)	653,000
B. Program response to urgent needs	1,884,000
Total—Special Grants	2,537,000

Rural development

A. Increased cost of conducting research (6% of FY 74 appropriation)	86,000
B. Program response to urgent needs	2,086,000
C. CSRS Administration	86,000
Total—Rural Development	2,258,000
Total Increase in Program Support	36,020,000

2. An expanded research effort designed to study more efficient methods and provide superior materials for crop production. To be investigated are new and improved high yielding, better quality disease and insect resistant varieties, improved production, management and marketing practices. Emphasis would be on major crops including corn, soybeans, grain sorghum, wheat, forage crops, cotton, fruits and vegetables. An appropriation of $6,811,000 is requested to

expand this effort. In comparison, the President's budget does not provide for any expansion of effort in this area under this authorization.

3. An expanded research effort to provide our country with more efficient livestock and poultry production through improved disease and insect control, improved re-productive efficiency, improved product quality, and improvement in production management systems and marketing. Included would be investigations on beef, dairy products, poultry and poultry products, and swine and sheep problems. An appropriation of $6,814,000 is requested. In comparison, the President's budget again does not provide for any expansion of effort in this area.

Mr. Chairman, this portion of the budget, and the one described just before it, are perhaps the most important part of the total proposed budget. It is these sections that are most vital to fund in order to increase our farm productivity. And it must be our goal to increase productivity in order to lower production costs and in turn lower the price of food to the consumer.

Also included in the Director's budget is a research effort on human nutrition and food safety to expand the work in nutritional quality of crops and livestock products, protecting our food from mycotoxins and other naturally occurring contaminants, development of new and improved food products for domestic use and for export markets, and to more fully understand the nutritional requirements of people. An appropriation of $2,791,000 is recommended in this work.

Mr. Chairman, our Nation also needs expanded research efforts to assure adequate supply of forest related products such as lumber and paper. The McIntyre-Stennis Act was passed to enable an expanded research effort in this important area. I note that the President's proposed budget provides only funds to theoretically offset the increased cost of doing research which face the participating schools. I urge the Congress to increase these funds in line with the recommendations made by the scientists and administrators involved: to provide an additional $1,884,000 so that research can be expended on more efficient forest management practices, new and improved uses of forest materials, and to improve the biological efficiency of forest trees in their adaptation to diverse soil and climatic conditions. This is important, Mr. Chairman, in view of the lumber shortage this country is facing. Just behind the need for economical food is the critical need for affordable housing. And affordable housing is an impossibility unless we can keep lumber prices affordable.

Mr. Chairman, Public Law 89-106 permits the Secretary of Agriculture to make specific grants to further the program of U.S.D.A. Under this authorization, the President's proposed 1975 budget carries $3,600,000 in funds for projects on environmental quality, food and nutrition, soybean, beef and pork production. Mr. Chairman, though the Director's budget does not contain these funds in the form of grants, and I am not adverse to these special grants. Rather, I feel that these topics are most suitable subjects for research under the Hatch appropriation: That it would be wise for the Congress to provide the additional Hatch funds which I have outlined to this Committee earlier in my testimony. At the same time, I bring to the Committee's attention some topics which the Director's of the State Agricultural Experimental Stations have proposed to the Secretary of Agriculture for inclusion under this authorization.

They include:

Research on unique approaches towards solving the energy crisis in rural America—$812,000.

Research on Land Use—$725,000.

Research on transportation systems and transportation problems as they relate to the marketing of agricultural and forestry products—$1,000,000.

Please note that the Director's budget contains a lower appropriation for grants because it proposes much of the same research under the Hatch Act appropriations. This enables each project to be benefited by the required State matching funds.

The Director's also project research on pest management systems including weeds, insects and diseases, an item also included in the President's budget.

Mr. Chairman, funds are appropriated under Public Law 89-106 for the Secretary of Agriculture to distribute to the Land Grant Colleges of 1890 and Tuskegee Institute in support of their research programs in agriculture. The proposed 1975 budget provides new monies to cover the increased costs of doing research but provides for no expansion of their research efforts. I recommend to you that $1,884,000 in additional funds be provided these institutions in line with the expanded research effort which they have projected to undertake. Mr. Chairman, at this point may I insert for the Record information on how these funds are to be utilized:

DISTRIBUTION OF FUNDS, RESEARCH REQUEST, COLLEGES OF 1890-1975 BUDGET

Research program code and topic

		Funds
1.02	Water and water sheds	$14,000
1.04	Environmental quality	57,000
2.08	Alternate uses of (forested) land	64,000
3.01	Corn	16,000
3.02	Grain sorghum	8,000
3.06	Soybeans	221,000
3.10	Cotton	9,000
3.13	Fruit	18,000
3.14	Vegetable crops	82,000
4.01	Beef	89,000
4.03	Poultry	35,000
4.04	Sheep and wool	21,000
4.05	Swine	16,000
4.07	Aquatic food animals	17,000
5.01	Food and nutrition	550,000
5.03	Rural development	636,000
6.01	Farm adjustment, prices, and farm income	31,000
	Total	1,884,000

And, Mr. Chairman, the last item of the budget I wish to address the Committee about is concerned with appropriations under Title 5 of the Rural Development Act of 1972. Last year a total of $1,500,000 was provided under authorization of the legislation, far below the level of funding indicated in that Act. The President's budget indicates no change in this item for 1975 although as much as $10,000,000 is provided for by the authorizing legislation.

The Directors of the State Agricultural Experiment Stations and the officials of the National Association of State Universities and Land Grant Colleges have recommended an increase of $2,258,000 to finance the research effort which is being undertaken in this vitally important topic. These people are located out in rural America; they know what the problems of rural development are. I endorse their recommended increase in funding and urge this Committee to do likewise.

Mr. Chairman, the Director's budget calls for an increase of $27,198,700 over the President's budget. However, I believe it is feasible to provide for this increase. Secretary Butz has testified that this year's total U.S.D.A. budget will reflect a reduction of $3,449,000,000 in subsidy payment as compared with the fiscal '73 budget. In addition, the expenditures of the Commodity Credit Corporation have been reduced $247,000,000 since fiscal 1972. These two reductions represent a savings of over three and a half billion dollars since 1972. In face of this savings, I believe the Director's request for an increase of $27,198,700 in agricultural research is a feasible request.

Secretary Kissinger recently proposed that we export our expertise and technology to help increase the world's fertilizer production capability. If we can do this, I certainly think we can take the steps to increase our own total agricultural productivity.

Mr. Chairman, at no time in our history has a strong productive agriculture been as important to our Nation's welfare as today. As we project the role that an adequate, hopefully bountiful food supply can play in our country's future, it becomes even more important that we recognize the mammoth task to be undertaken by our agricultural scientists. They must, through their research efforts, help guarantee that our citizens have wholesome and plentiful food available to them, that there will be food available for needed foreign trade, and that likewise we will have food which can be used as a weapon of good will to insure peace in the world. Our scientists need adequate support so that they may accomplish the work that needs to be done.

Today we are experiencing an energy crisis. It has created unemployment and misfortune for many of our citizens. Had the Government been foresighted enough, Mr. Chairman, to have developed an expanded energy research program in previous years, this energy crisis might have been avoided and with future fuel supplies protected and conserved as well. I seek today to orient our agricultural research budget toward avoiding a food shortage.

The anger the American public has displaced over lengthy lines at gas stations will seem minor compared to their anger if we in Congress fail to meet the challenge of increased food demand. A food shortage must not be allowed to occur in this country.

Mr. Chairman. that concludes my statement.

AGRICULTURE RESEARCH—THE KEY TO ADEQUATE SUPPLIES AND LOWER FOOD PRICES

Mr. President, the enviable record of agriculture in this country has been made possible by the unsurpassed productivity and efficiency of the American farmer, aided to a great extent by this Nation's firm commitment to agriculture research.

Increasing productivity and the hard work of our farmers has made the United States the "land of plenty." However, headlines for the last year have told not of plenty, but of shortages and feared shortages, of price freezes and freezes lifted, of angry consumers, of irritated and confused farmers, and of devaluations and balance of payment problems. This situation has brought at a minimum genuine concern and at maximum bewilderment to the minds of Americans. All of us must wonder how it has come to pass that a recent nationwide survey revealed that more than 40 percent of our people fear a serious food shortage within this decade. What has gone wrong in this land of plenty?

Mr. President, the situation is serious. For the first time in years, the percentage of the family budget being spent on food has increased. It is time that we seriously reviewed our agricultural policies toward research and development for it is these research and development programs which directly affect the level of our farm productivity and food prices.

In the past, a partnership in research and extension education programs by land grant universities and the USDA in-house research effort has greatly increased the productivity of U.S. farmers. In 1952 the average U.S. farmer produced food and fiber for himself and 16 others. However, by 1972, the average U.S. farmer had increased his productivity so as to produce for himself and 51 others. That is a great success story and well justifies the investment in R. & D. we have made to make it possible.

The salutary effects of U.S. investment in

agriculture research and education are illustrated by several measures. U.S. citizens in recent years have spent less than 16 percent of their disposable income for food. This is less than any other country of the world, and it is a fact our citizens have come to expect and certainly deserve.

The 6 percent of our population who do the farming and ranching have been producing abundant supplies of food and fiber for this country while making vast amounts available for foreign trade.

From one-half to three-fourths of the U.S. wheat crop is exported, one-fifth of our corn, about one-third of our cotton, and more than one-half of our soybean crop. Indeed, our exports of farm products added $12.9 billion to our balance of payments in the fiscal year ending June 30, 1973. These exports have played a large part in helping erase the trade deficit this country has been suffering.

Past examples of agricultural research successes are dramatic:

Through the development of hybrid corn, national corn yields have doubled in the last 15 years.

Peanut yields per acre have also doubled in the last 15 years.

Milk production per dairy cow has increased 50 percent in the last 15 years due to advances in genetic research.

The hog has been completely redesigned so that the average yield of lard per hog has dropped 27 percent while red meat has increased 11 percent.

In 1920 the rice yield per acre in China and India was higher than the yield in California. Today, thanks to effective research, Texas and California rice yields are 10 times those in China and India.

So U.S. investment in its agricultural research and development system has paid off in abundant and low cost food for consumers at home, and in commercial gains in world trade. It has paid off as well that the cooperative land-grant university—USDA research and education system is a marvel of the world. Literally thousands of foreign officials and students have come to work in and study that system.

These successes, Mr. President, have lulled this country into a warm sense of security. We have been proud to call our country the Land of Plenty. However, the recent feed grain shortages, housewife boycotts and export controls have burst that euphoric bubble of self-satisfaction. Demand has caught up with our productivity and the only feasible solution to the situation is to quickly increase our productivity.

Why has demand overcome productivity. There are two reasons:

One, increased foreign demand; and two, a dramatic decrease in emphasis on agricultural research. Everyone is familiar with our increased agricultural exports due to world demand and the opening of markets with Russia and China. Less known, but more significant, is how this country has deemphasized agricultural research.

Mr. President, in 1955, 10.7 percent of the total USDA budget was expended in research and development. In 1973 only 2.5 percent of the USDA budget was marked for research. This is a dramatic reduction and would have been even worse had not the Congress increased the 1973 R. & D. figures over what the present administration had recommended.

Further, the administration can be faulted for its manpower cutbacks in USDA's Agricultural Research Service. The organization's personnel level has been reduced by almost 10 percent since 1970.

Thus, at the very time the demand for food and fiber has been increasing dramatically, our agriculture R. & D. effort has been slipping miserably. At a time when we need increased productivity desperately, we do not have the proper research dollars or the manpower to produce that productivity.

Mr. President, to ignore this situation would be folly. Plentiful, inexpensive food has been at the cornerstone of our economy. Simply, put, it has left available more dolars for the purchase of housing, the payment of tuitions, and the acquisition of the products of America's industrial sector. Increase the cost of food and we are faced with demands for higher wages or a reduction in consumption. And that spells either inflation or unemployment—the terrible twin which the administration cannot seem to control.

We have the opportunity to return to the wisdom of our recent past. The new budget is now being considered. It is estimated that the USDA budget will be able to reflect over $2 billion in savings because of reduced subsidy payments. This is an outstanding savings, and it is one which should be put to good and immediate use. A portion of these funds should be spent on agriculture research and development for the benefit of the American consumer and the American farmer; they should be spent so that America's preeminent position in world agriculture can be maintained and translated into export strength abroad and economic strength at home.

There is strong evidence that if we can increase our production technology, our farmers will respond quickly. While farmers two generations ago were slow to adopt new agricultural practices, today's commercial farmers grasp much of the new technology as quickly as it is available, and clamor for more.

As a result of this country's efficient system of transmitting agricultural technology to farmers, and the farmers' ready acceptance, the unused farm "technology pool" is very low. For example, extension agronomists in Texas agree that Texas commercial farmers are using practically all available technology in producing our State's most important crops.

Mr. President, this means that if we increase our investment in farm research and development, our farmers will respond, and we will get a good return on our investment. Farmers deserve and must be allowed proper profit levels. Consumers want abundant, low-cost food. The way to meet these two goals is to emphasize research toward reducing production costs while increasing supplies.

Mr. President, there are many areas of real research need:

Our major crop of cotton, wheat, sorghums, and soybeans are in strong demand both in domestic and foreign markets. Increased productivity is needed to meet this demand.

Domestic demand is growing for meat and eggs and research to expand animal reproduction can help meet this need. Work is underway toward induced twin births in beef cattle and more research dollars toward this effort are sorely needed to lower the cost of producing beef.

Research can improve the efficiency with which our animals turn grain into meat and eggs. If this were to come about, we would not only reduce animal production costs and consumer prices, but more grains would be available for export to less prosperous countries.

New food sources are also being found through research and more attention needs to be paid to the food value possibilities of commodities like peanuts, soybeans and cottonseed.

Plant disease and genetic vulnerability are also areas in which we must expand our research. The great corn blight which hit the midwest in 1971 and the puzzling uncontrollable witch weed of South Carolina which completely prevents the growth of corn are ominous warnings that we must not relax our research efforts in this area.

The abundance of this country's food supply and the prices we must pay for that supply are critical, immediate issues. Issues which we must face with wisdom and the best possible planning.

I call on the administration and the Congress to increase our emphasis on agricultural research and development.

We have been warned that our food supply is definite—shortages can occur. We have learned the value of surplus agriculture commodities in the balance-of-payments situation. The rising food prices in the headlines have told us all too plainly the mistakes we have made by allowing our agricultural research effort to decline. If our food supply becomes inadequate, it will only be because of our lack of foresight. By reducing the expenditures for farm subsidies, we have funds available for increasing farm research. If we miss this chance to increase agricultural research and development in the coming years, we will look back with remorse and regret.

Mr. HARRY F. BYRD, JR. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

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

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), and the Senator from Arkansas (Mr. FULBRIGHT) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Kentucky (Mr. COOK), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), the Senator from Oregon (Mr. PACKWOOD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Kentucky (Mr. COOK), and the Senator from New York (Mr. JAVITS) would each vote "yea."

The result was announced—yeas 71, nays 16, as follows:

[No. 324 Leg.]

YEAS—71

Abourezk	Fong	Moss
Aiken	Griffin	Muskie
Allen	Hart	Nelson
Bayh	Haskell	Pastore
Beall	Hatfield	Pearson
Bennett	Hathaway	Pell
Bentsen	Hollings	Percy
Bible	Hruska	Proxmire
Biden	Huddleston	Randolph
Brock	Hughes	Schweiker
Brooke	Humphrey	Scott, Hugh
Burdick	Jackson	Sparkman
Byrd, Robert C.	Johnston	Stennis
Cannon	Kennedy	Stevens
Case	Magnuson	Stevenson
Church	Mansfield	Symington
Clark	Mathias	Taft
Cranston	McClellan	Talmadge
Curtis	McGee	Thurmond
Dole	McGovern	Tunney
Dominick	McIntyre	Weicker
Eagleton	Metcalf	Williams
Eastland	Mondale	Young
Ervin	Montoya	

NAYS—16

Bartlett	Domenici	Metzenbaum
Buckley	Fannin	Nunn
Byrd, Harry F., Jr.	Goldwater	Ribicoff
Chiles	Hansen	Roth
Cotton	Helms	Scott, William L.
	McClure	

NOT VOTING—13

Baker	Gurney	Packwood
Bellmon	Hartke	Stafford
Cook	Inouye	Tower
Fulbright	Javits	
Gravel	Long	

So the bill (H.R. 15472), as amended, was passed.

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

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

The motion to lay on the table was agreed to.

Mr. McGEE. Mr. President, I move that the Senate insist on its amendments, request a conference with the House thereon, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. McGEE, Mr. McCLELLAN, Mr. PROXMIRE, Mr. ROBERT C. BYRD, Mr. TALMADGE, Mr. HRUSKA, Mr. YOUNG, and Mr. HATFIELD conferees on the part of the Senate.

Several Senators address the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, tomorrow morning when the bill—S. 3164—Real Estate Settlement Procedures Act comes up, I have an amendment pending and I ask unanimous consent that the yeas and nays may be ordered at this time.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. PROXMIRE. I ask for the yeas and nays on that amendment.

The yeas and nays were ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 6642) to suspend the duties of certain bicycle parts and accessories until the close of December 31, 1976; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. MILLS, Mr. ULLMAN, Mr. BURKE of Massachusetts, Mr. SCHNEEBELI, and Mr. COLLIER were appointed managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 15715) to clarify existing authority for employment of White House Office and Executive Residence personnel, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. DULSKI, Mr. HENDERSON, Mr. UDALL, Mr. GROSS, and Mr. DERWINSKI were appointed managers of the conference on the part of the House.

OFFICE OF FEDERAL PROCUREMENT POLICY ACT

Mr. CHILES. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2510.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2510 "An Act to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes", with an amendment as follows:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Office of Federal Procurement Policy Act".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that economy, efficiency, and effectiveness in the procurement of property and services by the executive agencies will be improved by establishing an organization to exercise responsibility for procurement policies, regulations, procedures, and forms.

(b) The purpose of this Act is to establish an office in the Office of Management and Budget to provide overall direction of procurement policies, regulations, procedures, and forms for executive agencies.

DEFINITION

SEC. 3. As used in this Act, the term "executive agency" means an executive department, a military department, and an independent establishment within the meaning of sections 101, 102, and 104(1), respectively, of title 5, United States Code, and also a wholly owned Government corporation within the meaning of section 101 of the Government Corporation Control Act (31 U.S.C. 846).

OFFICE OF FEDERAL PROCUREMENT POLICY

SEC. 4. (a) There is established in the Office of Management and Budget an office to be known as the Office of Federal Procurement Policy (hereinafter referred to as the "Office").

(b) There shall be at the head of the Office of an Associate Director for Federal Procurement Policy of the Office of Management and Budget (hereinafter referred to as the "Associate Director"), who shall be appointed by the President, by and with the advice and consent of the Senate.

FUNCTIONS

SEC. 5. (a) The Associate Director, under the direction of the Director of the Office of Management and Budget, shall provide overall direction of procurement policy. To the extent he considers appropriate and with due regard to the program activities of the executive agencies, he shall prescribe policies, regulations, procedures, and forms, which shall be in accordance with applicable laws and shall be followed by executive agencies (1) in the procurement of—

(A) property other than real property in being;

(B) services; and

(C) construction, alteration, repair, or maintenance of real property;

and (2) in providing for procurement by recipients of Federal grants or assistance of items specified in clauses (A), (B), and (C) of this subsection, to the extent required for performance of Federal grant or assistance programs. However, in the case of a Federal grant or provision of Federal assistance to a State or a political subdivision, the Associate Director shall not require any action by the grantee or recipient contrary to State or local law. The authority of the Associate Director under this Act shall apply only to procurement payable from appropriated funds.

(b) The functions of the Associate Director shall include—

(1) establishing a system of coordinated, and to the extent feasible, uniform procurement regulations for the executive agencies;

(2) establishing criteria and procedures for an effective and timely method of soliciting the viewpoints of interested parties in the development of procurement policies, regulations, procedures, and forms:

(3) monitoring and revising policies, regulations, procedures, and forms relating to reliance by the Federal Government on private industry and organizations to provide needed property and services;

(4) promoting and conducting research in procurement policies, regulations, procedures and forms;

(5) establishing a system for collecting and developing procurement data; and

(6) recommending programs for recruitment, training, development and performance evaluation of procurement personnel.

(c) In the development of policies, regulations, procedures, and forms to be authorized or prescribed by him, the Associate Director shall consult with the executive agencies affected, including the Small Business Administration and other executive agencies promulgating policies, regulations, procedures, and forms affecting procurement. With the consent of the executive agencies concerned, the Associate Director may designate an executive agency or agencies, establish interagency committees, or otherwise use agency representatives or personnel, to solicit the views and the agreement, so far as possible, of executive agencies affected on significant changes in policies, regulations, procedures, and forms.

(d) The authority of the Associate Director under this Act shall not be construed to—

(1) impair or interfere with the determination by executive agencies of their requirements for, or their use of, specific property, services, or construction, including particular specifications therefor;

(2) interfere with the determination by executive agencies of specific actions in the award or administration of procurement contracts; or

(3) grant or affect authority of Federal agencies to provide procurement or supply support, either directly or indirectly, to Federal grantees or recipients of Federal assistance.

AGENCY COOPERATION

SEC. 6. Upon request of the Associate Director, each executive agency is directed to—

(1) make its services, personnel, and facilities available to the Office to the greatest practicable extent for the performance of functions under this Act; and

(2) except when prohibited by law, furnish to the Associate Director and give him access to all information and records in its possession which the Associate Director may determine to be necessary for the performance of the functions of the Office.

SUBMISSION OF REPORTS AND INFORMATION TO CONGRESS

SEC. 7. The Director of the Office of Management and Budget shall keep the Congress and its duly authorized committees informed of the activities of the Office of Federal Procurement Policy, and shall submit a report thereon to Congress annually and at such other times as he deems desirable, together with appropriate legislative recommendations.

EFFECT ON EXISTING LAWS

SEC. 8. The authority of an executive agency under any other law to prescribe poli-

cies, regulations, procedures, and forms for procurement is subject to the authority conferred in section 5 of this Act.

EFFECT ON EXISTING REGULATIONS

SEC. 9. Procurement policies, regulations, procedures, or forms in effect as of the date of this Act shall continue in effect, as modified from time to time, until repealed, amended, or superseded by policies, regulations, procedures, or forms promulgated by the Associate Director.

AUTHORIZATION OF APPROPRIATIONS

SEC. 10. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act. Such sums shall be available only to carry out the provisions of this Act.

DELEGATION

SEC. 11. The Associate Director, subject to such provisions as he may prescribe for coordination with and approval by himself or other persons, may delegate, and authorize successive redelegations of, any authority under this Act to any official in the Office, or to any executive agency, with the consent of such agency or upon direction of the President.

ANNUAL PAY

SEC. 12. Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"(98) Associate Director of Federal Procurement Policy, Office of Management and Budget.".

ACCESS TO INFORMATION BY COMPTROLLER GENERAL

SEC. 13. The Associate Director and personnel in his Office shall furnish such information as the Comptroller General may require for the discharge of his responsibilities. For this purpose, the Comptroller General or his representatives shall have access to all books, documents, papers, and records of the Office.

AMENDMENTS

SEC. 14. The Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) is amended as follows:

(1) Section 201(a)(1) of such Act (40 U.S.C. 481(a)(1)) is amended by inserting "subject to regulations prescribed by the Associate Director of Federal Procurement Policy of the Office of Management and Budget," immediately after "(1)".

(2) Section 201(c) of such Act (40 U.S.C. 481(c)) is amended by inserting "subject to regulations prescribed by the Associate Director of Federal Procurement Policy of the Office of Management and Budget," immediately after "Administrator,".

(3) Section 206(a)(4) of such Act (40 U.S.C. 487(a)(4)) is amended to read as follows: "(4) subject to regulations promulgated by the Associate Director of Federal Procurement Policy of the Office of Management and Budget, to prescribe standardized forms and procedures, except such as the Comptroller General is authorized by law to prescribe, and standard purchase specifications.".

(4) Section 602(c) of such Act (40 U.S.C. 474) is amended in the first sentence thereof by inserting "except as provided by the Office of Federal Procurement Policy Act, and" immediately after "herewith,".

Amend the title so as to read: "An Act to establish an Office of Federal Procurement Policy within the Office of Management and Budget."

Mr. CHILES. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives on the disagreeing votes thereon and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. CHILES, Mr. NUNN, Mr. HUDDLESTON, Mr. ROTH, and Mr. BROCK conferees on the part of the Senate.

GEOTHERMAL ENERGY COORDINATION AND MANAGEMENT PROJECT ACT

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 14920.

The PRESIDING OFFICER. Laid before the Senate a message from the House the Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 14920) to further the conduct of research, development, and demonstrations in geothermal energy technologies, to establish a Geothermal Energy Coordination and Management Project, to amend the National Science Foundation Act of 1950 to provide for the funding of activities relating to geothermal energy, to amend the National Aeronautics and Space Act of 1958 to provide for the carrying out of research and development in geothermal energy technology, to carry out a program of demonstrations in technologies for the utilitization of geothermal resources, and for other purposes and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Washington (Mr. JACKSON) I move that the Senate insist upon its amendment and agree to the request of the House for a conference on the disagreeing votes of the two Houses 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. JACKSON, Mr. BIBLE, Mr. CHURCH, Mr. METCALF, Mr. HASKELL, Mr. FANNIN, Mr. HATFIELD, and Mr. MCCLURE conferees on the part of the Senate.

ORDER FOR ADJOURNMENT TO 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10 a.m. tomorrow.

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

ORDER FOR RECOGNITION OF SENATORS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, the following Senators be recognized, each for not to exceed 5 minutes and in the order stated: Messrs. BARTLETT, CHILES, DOMENICI, HUDDLESTON, and NUNN.

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

ORDER FOR RECOGNITION OF SENATOR ROBERT C. BYRD TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the conclusion of the remarks of the aforementioned five Senators, the junior Senator from West Virginia be recognized for not to exceed 15 minutes.

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

TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. I ask unanimous consent that upon completion of the orders for the recognition of Senators on tomorrow, there be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements limited therein to 5 minutes each.

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

UNANIMOUS-CONSENT AGREEMENTS

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 S. 3164, at which time, of course, the amendment by Mr. PROXMIRE will be the pending question, as I understand.

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

Mr. ROBERT C. BYRD. I ask unanimous consent, if the order has not already been entered, that upon the disposition of the Proxmire amendment tomorrow, the Senate resume the consideration of the unfinished business, S. 707.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Thursday, upon the conclusion of routine morning business, the Senate turn to the consideration of S. 821, calendar order No. 971, a bill to improve the quality of juvenile justice and for other purposes; that there be a time limitation for debate thereon of 2 hours, to be equally divided between and controlled by the Senator from Indiana (Mr. BAYH) and the Senate from Nebraska (Mr. HRUSKA), with a time limitation on any amendment thereto of 30 minutes, and a time limitation on any debatable motion or appeal of 20 minutes, and that the agreement be in the usual form.

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

ORDER FOR RECOGNITION OF SENATOR PROXMIRE ON WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Wednesday, after the two leaders or their designees have been recognized under the standing order, the Senator from Wisconsin (Mr. PROXMIRE) be recognized for not to exceed 15 minutes.

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

ORDER FOR ADJOURNMENT FROM WEDNESDAY TO 10 A.M. ON THURSDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Wednesday, it stand in adjournament until the hour of 10 o'clock a.m. on Thursday, July 25, 1974.

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

Mr. ROBERT C. BYRD. Mr. President, that order is subject to change, of course.

UNANIMOUS-CONSENT AGREEMENT ON S. 821

Mr. ROBERT C. BYRD. I ask unanimous consent that at the hour of 11:30 a.m. on Thursday, the Senate turn to the consideration of S. 821.

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

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 10 a.m. tomorrow.

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 5 minutes, and in the order stated: Messrs. BARTLETT, CHILES, DOMENICI, HUDDLESTON, and NUNN, after which the Senator from West Virginia (Mr. ROBERT C. BYRD) will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes each, at the conclusion of which period the Senate will resume its consideration of calendar order No. 838, S. 3164, to eliminate the payment of kickbacks and unearned fees in connection with settlement services.

The pending question at that time will be on the adoption of the amendment by Mr. PROXMIRE, on which there is a 2-hour limitation, with the yeas and nays ordered.

Upon the disposition of the amendment by Mr. PROXMIRE, the Senate will resume the consideration of the unfinished business, S. 707, a bill to establish a Council of Consumer Advisers in the Executive Office of the President, to establish an independent Consumer Protection Agency, and for other purposes, and rollcall votes may occur on amendments to that bill tomorrow afternoon.

ADJOURNMENT TO 10 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 10 o'clock a.m. tomorrow.

The motion was agreed to; and, at 6:27 p.m., the Senate adjourned until tomorrow, Tuesday, July 23, 1974, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate July 22, 1974:

FEDERAL AVIATION ADMINISTRATION

James E. Dow, of Virginia, to be Deputy Administrator of the Federal Aviation Administration, vice Kenneth M. Smith, resigned.

HOUSE OF REPRESENTATIVES—*Monday, July 22, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, offered the following prayer:

All the paths of the Lord are mercy and truth, unto such as keep His covenant and His testimonies.—Psalms 25:10.

Almighty God, unto whom all hearts are open, all desires known, and from whom no secrets are hid, cleanse the thoughts of our hearts by the inspiration of Thy Holy Spirit. Make us godly for man's sake and manly for God's sake that we may live more fully with Thee and more faithfully for our country amid the demanding duties of these disturbing days.

Bless Thou our land, preserve our freedoms, protect our democracy, and help us produce a greater spirit of unity among us that on a deeper level we may be one people united in the search for life, liberty, and the pursuit of happiness for all.

Grant the spirit of wisdom to all our leaders. Prosper their endeavors that whatever is done may be for truth, righteousness, and Thee and therefore for the good of our Nation and our world: through Jesus Christ our Lord. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 377. An act to authorize the Secretary of the Interior to sell certain rights in the State of Florida;

H.R. 3544. An act for the relief of Robert J. Beas; and

H.R. 7207. An act for the relief of Emmett A. and Agnes J. Rathbun.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to a bill of the House of the following title:

H.R. 7824. An act to establish a Legal Services Corporation, and for other purposes.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 14715. An act to clarify existing authority for employment of White House Office and Executive Residence personnel, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 14715) entitled "An act to clarify existing authority for employment of White House Office and Executive Residence personnel, and for other purposes." requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCGEE, Mr. RANDOLPH, and Mr. FONG to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2102. An act to guarantee the constitutional right to vote and to provide uniform procedures for absentee voting in Federal elections in the case of citizens who are residing or domiciled outside the United States.

MAJORITY LEADER THOMAS P. O'NEILL COMMENTS ON THE SECOND NIXON RECESSION

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

Mr. O'NEILL Mr. Speaker, like most Americans, I believe in the power of prayer. I also believe in the power of the spoken and written word. I do not begrudge Mr. Nixon his right to pray or to speak, but I do not think that language, taken alone, is a good enough economic policy for the people of the United States.