Mr. BRINKLEY.
Mr. GONZALEZ in three instances.
Mr. RARICK in three instances.
Mr. ANDERSON of California in two instances.
Mr. DOMINICK V. DANIELS.
Mr. MURPHY of New York.
Mr. MOLLOHAN.
Mr. MURTHA in two instances.
Mr. SYMINGTON in two instances.
Mr. WON PAT in two instances.
Mr. EVINS of Tennessee.
Mr. PATMAN.

ADJOURNMENT

Mr. GINN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 20 minutes p.m.), under its previous order, the House adjourned until Monday, August 12, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2645. A letter from the Acting Chairman, Civil Aeronautics Board, transmitting a draft of proposed legislation to amend the Federal Aviation Act of 1958 to authorize the Civil Aeronautics Board to assess civil penalties; to the Committee on Interstate and Foreign Commerce.

2646. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in cases in which the authority contained in section 212(d)(3) of the Immigration and Nationality Act was exercised in behalf of certain aliens, together with a list of the persons involved, pursuant to section 212(d)(6) of the Act [8 U.S.C. 1182(d)(6)]; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MATSUNAGA: Committee on Rules. House Resolution 1307. Resolution providing for the consideration of H.R. 7917. A bill to provide minimum disclosure standards for written consumer product warranties against defect or malfunction; to define minimum Federal content standards for such warranties; to amend the Federal Trade Commission Act in order to improve its consumer protection activities; and for other purposes (Rept. No. 93-1275). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GILMAN:

H.R. 16355. A bill to provide for a program of assistance to State governments in reforming their real property tax laws and providing relief from real property taxes for low-income individuals, and for other purposes; to the Committee on Ways and Means.

By Mr. KEMP (for himself, Mr. BOB WILSON, and Mr. DEVINE):

H.R. 16356. A bill to reestablish the fiscal integrity of the Government of the United States and its monetary policy, through the establishment of controls with respect to the levels of its revenues and budget outlays, the issuance of money, and the preparation of the budget, and for other purposes; to the Committee on Ways and Means.

By Mr. MOAKLEY:

H.R. 16357. A bill to authorize the establishment of an older worker community service program; to the Committee on Education and Labor.

H.R. 16358. A bill to amend the Budget and Accounting Act of 1921 to provide for investigations and expenditure analyses of the use of public funds; to the Committee on Government Operations.

H.R. 16359. A bill to amend title XVI of the Social Security Act to provide that inmates of county homes and similar institutions for the elderly who are contributing to their own support and maintenance may qualify for supplement security income benefits; to the Committee on Ways and Means.

H.R. 16360. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to permit donations of surplus supplies and equipment to older Americans; to the Committee on Government Operations.

H.R. 16361. A bill to require the Secretary of Transportation to investigate and report to the Congress with respect to whether certain railroad facilities and equipment meet Federal safety standards, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 16362. A bill to establish a Marine Fisheries Conservation Fund; to the Committee on Merchant Marine and Fisheries.

H.R. 16363. A bill to amend the Internal Revenue Code of 1954 to provide for annual adjustments in the amount of personal exemptions and the amount of the standard deduction to reflect increases in the cost of living; to the Committee on Ways and Means.

H.R. 16364. A bill to amend title XVI of the Social Security Act to provide for emergency assistance grants to recipients of supplemental security income benefits, to authorize cost-of-living increase in such benefits and in State supplementary payments, prevent reductions in such benefits because of social security benefit increases, to provide reimbursement to States for home relief payments to disabled applicants prior to determination of their disability, to permit payment of such benefits directly to drug addicts and alcoholics (without a third-party payee) in certain cases, and to continue on a permanent basis the provision making supplement security income recipients eligible for food stamps, and for other purposes; to the Committee on Ways and Means.

By Mr. PERKINS:

H.R. 16365. A bill to increase deposit insurance from $20,000 to $60,000; to the Committee on Banking and Currency.

By Mr. MATHIAS of Georgia:

H. Con. Res. 595. Concurrent resolution expressing the sense of Congress that Richard M. Nixon not be prosecuted for any offense, whether State or Federal, allegedly committed while he was in office as President of the United States; to the Committee on the Judiciary.

By Mr. STUCKEY:

H. Con. Res. 596. Concurrent resolution expressing the sense of Congress that Richard M. Nixon not be prosecuted for any offense, whether State or Federal, allegedly committed while he was in office as President of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. SHOUP introduced a bill (H.R. 16366) for the relief of M. Sgt. Gary O. Ostlund, U.S. Army, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

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

468. By the SPEAKER: Petition of the chairman, Midwestern Governors' Conference, Lincoln, Nebr., relative to agricultural imports; to the Committee on Agriculture.

469. Also, petition of the Monroe County Legislature, N.Y., relative to supplemental security income benefits under the Social Security Act; to the Committee on Ways and Means.

SENATE—*Friday, August 9, 1974*

The Senate met at 11 a.m. and was called to order by Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin.

PRAYER

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

God of our fathers and our God, by whose providence this Nation was born and by whom we have been guarded and guided, in this hour of mingled tragedy and hope, lift our lives into the clear light of Thy presence and encompass us with Thy love. By the miracle of Thy grace transform this time of sorrow and judgment into a season of cleansing and healing.

Deal graciously, O Lord, with our departing President. Accord him appreciation for every noble achievement, forgiveness for every acknowledged wrong, and grant him a new life of usefulness and inner peace. Surround his family with Thy comfort and love.

Grant to Thy servant Gerald Ford, on this day of dedication, a vivid awareness of Thy presence and the assurance of Thy supporting strength. Endow him plenteously with the sinews of Thy spirit, with moral courage, with wisdom beyond his own, and with power to lead the Republic in reconciliation and unity, in peace and prosperity, in justice and righteousness.

Chastened and cleansed, but full of hope and faith, help us O God, in our private lives and as a people to walk in the ways of Thy commandments, to live by the truth, to do justly, to love mercy and to serve Thee with our whole heart and mind and strength and that Thy kindom may come and Thy will be done on Earth. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C. August 9, 1974.

To the Senate:

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

JAMES O. EASTLAND,
President pro tempore.

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

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, August 8, 1974, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

PERMISSION TO SUBMIT A REPORT ON S. 3717 TODAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs be permitted to file not later than 5 p.m. today a report on S. 3717, a bill extending the Emergency Petroleum Allocation Act of 1974.

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

COMMUNICATION FROM CHARGÉ D'AFFAIRES OF THE NETHERLANDS

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD a letter which I have just received from Baron A. N. van Aerssen, Chargé d'Affaires of the Netherlands, having to do with newspaper stories which have appeared indicating there might be a possible cut in Dutch forces allotted to NATO.

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

WASHINGTON, D.C.,
August 7, 1974.

Hon. MIKE MANSFIELD,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR: Recently I read your statement made in the Senate on July 15th about the Dutch defense white-paper, as printed in the Congressional Record of that day, jointly with a Washington Post article about NATO criticism directed at the same white-paper, and an article by yourself in the Claremont Men's College Magazine.

Your statement and the publication of your above mentioned article in the same context, seemed to imply that the Netherlands Government had decided or was planning to reduce unilaterally the ready strength of the troops committed to the integrated NATO defense in Central-Europe.

Allow me, dear Senator, to draw your attention to the following.

First of all the Netherlands Government has pledge explicitly within NATO not to reduce the manpower of its land forces in Central-Europe as long as the negotiations on mutual balanced force reductions have not led to the desired results.

In the second place: it is true that some numerical reductions in the personnel of the Dutch Navy and Air-force are envisaged, but this will mainly be a result of replacement of existing larger and outdated equipment by modern and more sophisticated equipment. As an example I would like to mention the introduction within the Navy of the new frigates, which will carry smaller crews than the present ships of that type, due to extensive automatization.

I cannot agree with the statement in the Washington Post that several Hawk antiaircraft units will be abolished. There will be no reduction in Hawk units, but only a redeployment, whereby some units will be used for anti-aircraft protection of airfields in the Netherlands. All units will furthermore be modernized in accordance with the Alliance Hawk Improvement Programme.

The main thrust of the Netherlands defense white-paper is an attempt to reduce the operation and maintenance costs in the coming decade, so that a higher percentage of the defense-budget can be made available for investment in new and modern military equipment. This will permit in the coming years to maintain a contribution to the integrated NATO defense of Western Europe that is qualitatively strong and efficient.

Further my Government is convinced that NATO countries should more than hitherto concentrate on specific defense activities, so as to make their respective contributions to the Alliance more cost effective.

If you think it would be appropriate to insert the text of this letter in the Congressional Record I would certainly welcome this.

In the hope that my explanation will have been helpful to elucidate somewhat the rather confused picture about this subject created by some comments in the press, I remain, my dear Senator,

Yours sincerely,
Baron A.N. VAN AERSSEN,
Chargé d'Affaires a.i. of the Netherlands.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker has affixed his signature to the following enrolled bill and joint resolution:

H.R. 69. An act to amend and extend the Elementary and Secondary Education Act of 1965, and for other purposes; and

H.J. Res. 1104. A joint resolution to extend by 62 days the expiration date of the Export Administration Act of 1969.

The enrolled bill and joint resolution were subsequently signed by the Acting President pro tempore (Mr. PROXMIRE).

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until noon on Monday next.

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

SENATE RESOLUTION 379—RELATING TO CLERICAL AND OTHER ASSISTANTS TO THE VICE PRESIDENT

Mr. MANSFIELD. Mr. President, I send to the desk a resolution and ask for its immediate consideration. This resolution is offered on behalf of the distinguished Republican leader, the distinguished assistant majority leader (Mr. ROBERT C. BYRD), the distinguished assistant Republican leader (Mr. GRIFFIN), and myself.

The ACTING PRESIDENT pro tempore. The resolution will be stated.

The assistant legislative clerk read as follows:

Resolved, That the clerical and other assistants to the Vice President on the payroll of the Senate on the date prior to the date he assumes the Office of President of the United States, shall be continued on such payroll at their respective salaries for a period of not to exceed sixty days, such sums to be paid from the contingent fund of the Senate: *Provided*, That any such assistants continued on the payroll, while so continued, shall perform their duties for which employed and the Secretary of the Senate is hereby authorized and directed to remove from such payroll any such assistants who are not attending to the duties for which their services are continued.

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

There being no objection, the resolution (S. Res. 379) was considered and agreed to.

SENATE CONCURRENT RESOLUTION 108—CONCURRENT RESOLUTION EXTENDING BEST WISHES TO GERALD R. FORD

Mr. HUGH SCOTT. Mr. President, I offer on behalf of myself and the distinguished majority leader (Mr. MANSFIELD), and on behalf of the distinguished assistant minority leader (Mr. GRIFFIN) and the distinguished majority leader (Mr. ROBERT C. BYRD) and on behalf of the membership of the U.S. Senate, a concurrent resolution and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The concurrent resolution will be stated by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 108) extending best wishes to Gerald R. Ford.

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

There being no objection, the concurrent resolution (S. Con. Res. 108) was considered and agreed to.

The preamble was agreed to.

The concurrent resolution with its preamble reads as follows:

S. CON. RES. 108

Whereas Gerald R. Ford was a Member of Congress for 25 years; and

Whereas he is known to the Congress as a good and faithful friend; and

Whereas he assumes today the Office of President of the United States: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress extends to Gerald R. Ford its sincere best wishes, its assurances of firm cooperation and its fervent hopes for success in office.

THE PRESIDENCY

Mr. HUGH SCOTT. Mr. President, and now we have a new President—those words have a historic ring—as the country gathers itself together, reaches for the sources of its strength, seeks the opportunity now offered for reconciliation and respite, embraces gladly the hope of unity, and welcomes the initiation of a new spirit of cooperation.

We are all mortal, and we are all sinners, and we can all echo the Book of Common Prayer: that we have done those things which we ought not to have done and we have left undone those things which we ought to have done.

But that sonorous, rich, and immortal book also guides us with this prayer of blessing for the President of the United States as it says:

> Grant unto the President and to all in authority the wisdom and strength to know and to do Thy will.

I think that is all that the American people will ask now of President Gerald R. Ford, who has been our friend in the Legislature for so long a time. We pray with him, and with his family, and with all those who wish well for the Republic, for wisdom and strength to know and to do Thy will, to walk humbly before our God, to do justly, and to love mercy.

These are the simple things which are so majestic in their import and in their meaning to all of us in this matchless country which we love so much.

When the leadership of the House and the Senate left the office of the President of the United States last night and walked down the steps of the Executive Office Building, I think we were all touched by the strains of a cherished song carried to us on the night air from the gates at Pennsylvania Avenue. The people were there, the people who approve and the people who disapprove. But the sound of what the people sang will live with me forever:

> "God bless America, land that I love."

Mr. MANSFIELD. Mr. President, I was impressed by what the distinguished Republican leader has just said. I am glad to join him in extending our best wishes and our hopes for the future to the man who will be the 38th President of the United States at 12 o'clock noon today.

Jerry Ford has had a remarkable career because he has been so unremarkable himself. He is in reality a man of the House who was transported, because of the constitutional requirements, into this Chamber to be its Presiding Officer. But we know where Jerry Ford's heart is: in the Chamber in which he spent approximately 25 years, in which he performed with diligence, attention to duty, and as the best possible leader for the members of his party who comprised the minority in that Chamber.

Now he leaves the House and leaves the Senate and goes to a new home at 1600 Pennsylvania Avenue. He goes there with a clean mind, with a clean heart, and with a clean record. Lest there be any misinterpretation or speculation about what I mean by "record," I would point to the fact that he is the first appointed Vice President and that he is the first Vice President in that category who had to pass scrutiny by the appropriate committees in the House and the Senate, and then by the Senate and the House as a whole. So everything about Jerry Ford is laid bare for all to see.

I think that we can have a great deal of confidence in this unassuming man from the Midwest who always lets you know where he stands and who always appreciates an opposite point of view and understands it. So I think this Republic, in this hour of travail, in these troubled times, is extremely fortunate to have a man of the caliber of Gerald Ford as Chief Executive of this Nation.

Mr. STENNIS. Mr. President, will the Senator yield briefly to me?

Mr. HUGH SCOTT. Yes, I yield.

Mr. STENNIS. Mr. President, I am impressed by the remarks of the Senator from Pennsylvania, and knowing him as I do, I know those remarks come from his heart and his head, too, if I may use that expression. They have a meaning at any time, but especially at this time. I commend him for what he said, as I do the majority leader.

I have no prepared remarks, Mr. President. Along with all others, I have been concerned with conditions as well as the future of our country, the domestic problems and also our foreign policy; and all these things that have happened now are in the past as far as I am concerned.

With reference to investigation in Watergate affairs my conclusion is that every Member of the Congress has done his duty as he saw his responsibility.

I agree that each Member sought his duty and did his duty, whether he agrees with me or not as to any point. I am willing to let the past be the past on it. I hope—I believe this is the way the people of America feel. Now they want us to make a new start. I know I want to make a new start.

So far as doing his duty, I think that as to the actions of President Nixon yesterday and today he was doing his duty as he saw it. That which has been done, has been done, and I accept his judgment as to his resignation which was a courageous deed and a punishing thing to him. Enough punishment is enough.

As we look to the future—and we must look to the future rather than try to relive the past—I think the first step is, as the Senator from Pennsylvania said, to back our President-to-be, Vice President Ford.

He is worthy of our confidence, as I understand from all of you who have known him better than I have. What I know certainly leads me to have confidence in him.

But for any man to effectively serve as President he has to have a lot of help. He has to be tough-minded and courageous and make hard decisions. To have any sound policy either at home or abroad, he has to have a broad base of operations and a lot of backing.

These conditions are what we need now. Speaking for myself, and in my humble way, I am going to try to do my part in making the next administration effective for a strong, safe, and honorable country—our country.

Mr. HUGH SCOTT. I thank the distinguished Senator from Mississippi, whom we all honor as one of the wisest Members of our entire membership. I agree that indeed, enough is enough.

I yield back the remainder of my time.

Mr. CHILES. Mr. President, I wish to associate myself with the remarks of the minority leader and the majority leader. Less than 1 hour from now, Gerald Ford is going to become the 38th President of the United States. The strongest office in the world will change hands. I think it is important to note that it is going to change hands without any tanks surrounding the Capital, without any troops, without any coup; it is going to change hands because President Nixon is turning it over.

As we listened to his remarks last night, we heard him say that he was doing this without any malice, without any ill feelings to anyone. President Nixon realized that he had lost his mandate to rule.

We all feel a tremendous sadness and sorrow today for President Nixon and for his family. The guilt of Watergate is not vested in one man or in one group of people.

I think the guilt of Watergate is really something that each of us has some share in. The Congress has a share, because Watergate did not start a year ago or 2 years ago. The process that brought it about started many, many years ago.

Congress, over these years, has surrendered its power and failed to carry out its constitutional duty of being a coequal branch and a check on the executive. It certainly has to share the blame for what happened.

The businessman who contributed money and did not want his name recorded, who wanted to send money in cash, in thousand-dollar bills, has a part of the guilt to share. The citizen who either failed to carry out his duty as a citizen—and that is just as real a duty as the duty of the President of the United States—by being aware of what was going on at elections, by seeking out candidates, not voting for them because of slogans or emotional issues, but really trying to find out what they stood for, who would be willing to go and work for people, who did not, perhaps, have ways of raising large sums, or were not sure winners, but would go out and actively participate in the electoral process—certainly the citizens have a share, too; the citizens who over the years have made the President a king, with all the trappings of royalty, to the point where we expected him to assert the theory of the divine right of kings and divine inspiration—which we found out a long time ago kings do not have, though a king, like everyone else, has a thirst for power, when that power continues to reside there.

Today is a new day, Mr. President. I think history always has points of time at which civilizations, governments, and people get an opportunity to change directions. I think we have that opportunity today in this country.

I think we have, in GERRY FORD, an honest, God-fearing, and God-loving man, a man who wants to do right. He has been a team player. He has been a Member of Congress for over 25 years. I think now we have the opportunity, as Democrats and Republicans, to work with a man who wants to work for this country. And as we do that, I think we will have the opportunity to work, really, for a new morality, when we will not say that it has always been done this way. How many people have said, "You should not blame President Nixon, because everyone has done this" or "All politicians do this."

Maybe some of them have over the years. Maybe some of us have. But today we have an opportunity to change that, so that that is not the expected thing, so that it is not considered to be what the people are entitled to—and we know it is not. A new ethic between businessmen and government, that they are not going to expect contributions in return for favors, and that they are not going to expect tax writeoffs and privileges because of the money they give. A new ethic among our citizens, that they are not going to break laws that they wish to break, but still demand accountability from others. A new sharing for the common good, a time when we have got to realize that if we are going to do something about the economy and the inflation we are in, no one group can expect to say, "Take it out of the military," or, "Take it out of the people programs," or, "Take it out of here, but do not bother me, do not do anything to what I have and where I stand."

We have got to come together with a plan that perhaps will cost a sacrifice for all of us, but a plan we can support. A new responsibility for citizenship, whereby we will not expect leaders, whether they be in the Senate or the President or anyone else, just to do the right thing on all occasions if all of us do not participate and take our parts as citizens.

We need a new respect for others, to help us get rid of some of the hatred and some of the problems we have in this country from one group trying to take advantage or seek something from another group.

Mr. President, I think when history records Watergate, the important thing is going to be what was said about the events that led up to Watergate; but I think the important thing is going to be whether history will record that Watergate was a turning point, a point at which we changed directions. Because that is the opportunity that I see we have today; and if we seize that opportunity, as I think we must, then it will be recorded as that point of time at which this country decided to go forward, that point of time at which America went forward to carry out what I think is the divine destiny that this country has, which has not yet been fulfilled, not only to provide prosperity for our citizens, but to provide leadership for the rest of the world, because we are a free country and we are a free people, and ours is the experiment that shows whether free people in a free society can govern themselves and do it properly.

If we can do that, I think we can set an example that the rest of the world can follow.

I join with all of my colleagues in the the Senate, and I think every American, in wishing Gerald Ford Godspeed, and offer my hand to him in any way that I can to help him in the task of leadership that he has ahead for our country.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. TALMADGE. The President has made a painful decision which I believe to be in the best interests of the United States at this critical time. This is not a time for recrimination. It is not a time to further inflame the political wounds that have polarized our people and weakened the Nation. The resignation of the President is a sad event that is unparalleled in the history of our Republic. It is not a time to unnecessarily dwell on the past. More than ever before, we need to look ahead. Now is the time for everyone in Government, for all Members of Congress, for both political parties, and for all Americans to join forces and unite in a common effort to build upon the greatness of the United States. Our Nation has come through a period of prolonged agony. But our Constitution is sound and the Government is stable and functional. I wish President Ford every success and I pledge my support in the difficult tasks he faces. I pray to God that all Americans will work together to strengthen our Nation.

ORDER TO VACATE REMAINING SPECIAL ORDERS

Mr. CHILES. Mr. President, I ask unanimous consent that the remaining special orders be vacated.

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

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. CHILES. Mr. President, are we in morning business?

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 30 minutes, with statements limited to 5 minutes.

Is there morning business to be transacted at this time?

ORDER FOR STAR PRINT OF S. 1361—GENERAL REVISION OF COPYRIGHT LAW

Mr. CHILES. Mr. President, I request unanimous consent that there be a star print of S. 1361, as reported by the Commerce Committee.

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

QUORUM CALL

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHILES. 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.

AMENDMENT OF THE RAIL PASSENGER SERVICE ACT

Mr. STENNIS. Mr. President, I ask unanimous consent to reconsider the bill, H.R. 15427, together with the third reading, and that section 1, which reads "That this Act may be cited as the Amtrak Improvement Act of 1974.", which was inadvertently left out in the reprinting of the bill, be inserted, and that the bill as thus amended be repassed.

Mr. President, I understand this has clearance from the minority side of the aisle.

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

Mr. STENNIS. I thank the Chair.

The ACTING PRESIDENT pro tempore. Is there further morning business? If there is no further morning business, morning business is closed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

S. 3717. A bill to extend the Emergency Petroleum Allocation Act of 1973 (Rept. No. 93–1082).

ADDITIONAL STATEMENTS

NOW TO THE FUTURE

Mr. ROBERT C. BYRD. Mr. President, I view the resignation of Richard Nixon with mixed emotions. It is a sad ending of a career of a man who, had it not been for Watergate, and had it not been for a hostility toward Congress and a disregard for basic constitutional principles so often evidenced, might well have ranked with some of the best of American Presidents. It is also a personal tragedy for Mr. Nixon and, most of all, for his family.

It is a moment in history that the American people will not forget. It is a sad and unhappy time.

History, I am sure, will record the impressive changes and breakthroughs achieved by Richard Nixon. In fairness, one cannot overlook the fact that he ended America's highly unpopular participation in the Vietnam war. There were many of us in Congress who supported the President in that effort and in the effort to bring home the prisoners of war.

History cannot overlook the fact that Mr. Nixon, through his appointments to the U.S. Supreme Court, ended what was, in the opinion of many people, an era of extreme and unsound activism on the part of that Court and turned it back to the mainstream of moderation in the application of judicial power.

History will record that he ended the drafting of America's young men. He had the wisdom and the courage to bring about a new era of understanding in the relations between the United States and the People's Republic of China, and between the United States and the Soviet Union.

History will also record that he and his brilliant Secretary of State created the best prospects for peace in a quarter of a century in the Middle East.

So, along with Mr. Nixon's failures, history, I am sure, will record these successes.

When and where and how and why the Nixon administration went wrong is a matter that lies beyond the scope of my brief remarks. History will deal with that, too. I suppose that each of us has within himself the elements of self-destruction. These self-destructive forces work in many ways for many people. Sometimes they will triumph over judgment and reason and the power of will. Unfortunately, they prevailed in the sad ending of what might have been a most promising and brilliant Presidency.

But much of this sordid chapter is behind us, and we must look now to the future history of our country. The orderly transition of this highest office will again prove the resiliency of the American people and the durability of the American system.

I am confident that the American people of both major political parties will rally behind Mr. Ford as President, for our common task now is to heal the divisiveness that has rent our country and to get on with the business of meeting and solving its pressing problems.

Mr. Ford's many years of service in the Congress should provide him with a unique understanding of those problems. He will, in due time, presumably, bring with him to the Presidency a new team to deal with domestic matters, and, through the retention of Dr. Kissinger, President Ford should be able also to maintain U.S. dynamism and direction in foreign affairs. But he will need the support and the prayers of us all as he takes on the heavy responsibilities of the most difficult job in the world.

I wish Mr. Ford well, and I shall work with him in every way I can conscientiously do so, to deal with our country's economic problems and to promote peace and keep the Nation strong:

The Moving Finger writes; and, having writ,
Moves on: nor all thy Piety nor Wit
Shall lure it back to cancel half a Line,
Nor all thy Tears wash out a Word of it.

NATIONAL FLOOD INSURANCE PROGRAM

Mr. HUGH SCOTT. Mr. President, I am delighted the Committee on Appropriations, in a report submitted by Senator PROXMIRE, has recommended an appropriation of $50 million for the national flood insurance program.

This program, established in 1973 under the Flood Disaster Protection Act, provided protection for communities in flood-prone areas. Response to the program has been tremendous, and continued funding will aid the administrators of the program in coping with the increased workload. Also, the appropriation provides for extensive studies and surveys establishing flood risk zones and determining the amount of protection needed for each area.

Adequate flood protection is vital to the citizens of Pennsylvania and the Nation, and I commend the committee for its recommendation of funding for this important program.

THE PRESIDENCY

Mr. BIBLE. Mr. President, President Nixon's decision to resign from the Presidency is a deep tragedy for his family and a national tragedy that touches all Americans. At the same time, I have to read into the President's decision his own conclusion that he could not have survived the impeachment process and that the Nation should be spared that agony.

While this decision marks the end of an agonizing period of stress for our Nation, I think it would be a mistake not to recognize that the events of the past 2 years have, in fact, reaffirmed our Nation's enduring commitment to the rule of law. This is the bedrock on which our constitutional democracy rests. That it has survived this painful period should be reassuring to all Americans.

Our purpose now must be to unite behind Vice President Ford as he assumes the Presidency and the responsibility to continue our Nation's leadership toward peace throughout the world and the solution of our problems here at home.

RICHARD NIXON—LONGTIME FRIEND

Mr. COTTON. Mr. President, yesterday was one of the saddest days of my life.

Twenty-eight years ago I was sworn in as a freshman Congressman along with Richard Nixon. In the days that followed we became close friends and fellow members of the now famous "Chowder and Marching Club," a group of 15 freshmen which met weekly to compare notes and discuss legislation. That close friendship has never been broken through all the years that followed.

I still cherish that friendship. My admiration for his ability and my faith in his fundamental sincerity remains unabated. Through the years I have watched him fight his way up against tremendous odds. I have seen him beaten for President and beaten for Governor of California and come back after both of these defeats to win the Presidency. History will record and time will never obscure what he has achieved as President. He wound down the war in Asia and brought a half million American boys home. He breathed new life into the NATO alliance. He opened the gates for communication with Russia and China and struggled manfully and with bright promise of success for mutual reduction of armaments. He shifted billions of dollars that we were spending on weaponry to the health, education, and welfare of our people.

He made grievous mistakes and unlike some of his predecessors he has paid dearly for them. He was unwise in the choice of many of his closest associates and highest Government officials and persisted in retaining them after they had betrayed him. Though enraged and horrified by the sordid story of Watergate he inexcusably closed his eyes to it and participated in its concealment. And now at the end of the long travail during which he must have suffered indescribable anguish while resolutely attempting to carry on his work at home and abroad, he is compelled to surrender the Presidency to bring peace to a distressed and distraught Nation.

All through these months I have refused to judge him until the time should come when as a Senator I would be forced to sit in judgment. I shall not judge him now.

Last night with others of his longtime associates and close friends in the Senate and House I was called to the White House to say farewell before he went on the air. With us he could not maintain the composure that characterized his public appearance and we saw his naked anguish. At 2 o'clock this morning he telephoned me to say goodby. Can you wonder that in this hour I am still his friend?

PRESIDENT FORD AND THE CAREER SERVICE

Mr. McGEE. Mr. President, in this time of transition, all Americans are, I trust, committed to full support of President Gerald R. Ford. Certainly, that is true of all of us in this Chamber, who desire to put the shoulder to the wheel and give full measure to efforts to solve this Nation's problems.

Today, though I claim no status as a spokesman for our career civil servants, I do speak as chairman of the Committee on Post Office and Civil Service, a post which affords me great opportunity to know and judge the Federal work force.

Like Americans everywhere, the career service has been troubled by the ever unfolding events of the past 2 years, only more so. Yet, Mr. President, they have continued to perform their tasks day by day and the people's business has proceeded. I say that in tribute to the nearly 3 million Federal civilian personnel, including postal workers.

On January 16, then Vice President FORD addresed Civil Service Commission employees at ceremonies marking the 91st anniversary of the Federal civil service. Federal workers who review his remarks on that occasion will know that in President Ford they have a Chief Executive who respects them and their work. Indeed, he prefaced his speech with two appropriate words: "Thank you."

Mr. President, I am confident that the career employees of the Federal Government will be in the forefront as this Nation moves to heal its wounds and solve its problems. I, too, would like to say to our career employees "thank you" for their professional, dedicated devotion to the public's business through a trying period.

Mr. President, I ask unanimous consent that President Ford's remarks to civil service employees last January 16 be printed in the RECORD.

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

[From the Civil Service Journal, January–March 1974]

A STRONG CAREER SERVICE IS ONE OF THE GREATEST STRENGTHS OF OUR DEMOCRATIC PROCESS

(By Vice President Gerald R. Ford)

In twenty-five years of service in Washington, this is my first opportunity to address the employees of the Civil Service Commission. I hope it won't be the last, for I am very interested in what you are doing and in how well you are doing it.

I congratulate you on your 91st birthday, and I add my very sincere compliments to those who will be honored here today, for their achievements and for their service.

For me this is an opportunity to speak to every man and woman in the career civil service.

Underlying every remark I will make are two words: Thank you.

I am convinced that one of the best ideas the people of America have ever expressed, and one of the best acts ever to come out of the Congress, was the creation of a career civil service back in 1883.

I believe a strong career service is one of the greatest strengths of our democratic process, and one of the best guarantees of sound, effective, and efficient government—even more so in 1974 than in 1883.

It is unfortunate that the term "civil service" often conjures up the very opposite of what I am talking about, for in this enlightened world there are some who still equate civil service with security and routine.

To me, civil service has a much higher meaning.

It is a work environment for which topnotch people are selected on the basis of ability. A place where the *product* of one's hands is more important than the *color* of one's hands. A place where the work itself takes precedence over the sex of the person doing it. A place where service to the people transcends party labels. A place where the word "service" means exactly what it says.

To me, an old Navy veteran, civil service also means a taut ship steaming on a steady course. Whatever squalls and heavy swells may come, the ship rides steady and true.

When the Nation was confronted with the energy crisis, a new Government agency had to be created almost overnight. Drawing on the expertise and competence already available in the civil service, the Federal Energy Office was in business within 2 weeks.

In August of 1971 President Nixon decided to take quick action to curb runaway inflation. The Office of Emergency Preparedness had to have an explosive mobilization. Fifteen minutes after the President announced the price freeze, George Lincoln had the OEP regional directors on a conference telephone call.

"Tomorrow morning," he told them, "you will move out of your offices and open up in the biggest city in your region. GSA will provide space, and the Civil Service Commission will give you personnel from other agencies. You'll be ready for business Monday morning."

Within 60 hours OEP was operational in 10 regional offices. Within a week the network was expanded to include 360 IRS offices and 2,800 offices of the Agricultural Stabilization and Conservation Service. This meant better service to citizens outside major cities.

More than a decade ago, the United States was challenged to put a man on the moon before 1970—a task that strained science and technology to their outermost limits. It was done through a productive joint effort of Government and industry . . . and one of the men in charge Robert Gilruth, had this to say: "Nowhere but in the Federal service could we have found the quality and quantity of talent required to carry out a mission of this size."

Or take the problem of highjackings. Of course, we might have one tomorrow—you never know. But to all intents and purposes, Government action with private followup has effectively clamped the lid on aircraft highjacking in the United States. What was the secret? Expertise already in Government, and rapid, excellent recruiting at a time when Sky Marshals were our need.

These are the kinds of "mission impossible" that never get into prime time on television. They become mission *possible* because we have competent people in the civil service who can hit the ground running.

To me, civil service means tremendous knowledge and a great depth of understanding on the part of career people who have devoted their lives to government. You can take almost any type of legislation that comes before the Congress, and I can give you an example of how the knowledge of career people has provided information that made a given bill an even better law.

To me, from my new vantage point in the executive branch of government, civil service means a solid foundation of competence assuring that the mandate the voters have given the political leadership will be carried out.

These are some pretty generous words I have been using to portray and praise the civil service: competence . . . steadfastness knowledge . . . dependability . . . responsiveness. Yet each one is deliberately chosen, and equally well deserved.

The people, the Congress, and the Presidency under Chester Alan Arthur can claim credit for starting a career civil service, and for a great deal of care and attention in seeing to it that the concept of a merit system of public employment became more than just a concept; that it became a living, breathing, producing arm of good government.

The transition from concept to reality is where the work came in—and here the credit belongs to the Commission itself—to the outstanding men and women who have served as Commissioners over the years, and to the career staff of the agency—past and present.

I am particularly aware of the achievements of the Commission during the last 5 years under Bob Hampton's splendid leadership in the areas of equal opportunity within the Federal service; the training and development of employees at all levels, from entry to executive level; the administration of the labor relations program; the strengthening of State and local government through the intergovernmental personnel program; the improvements in management in all Federal agencies through evaluation of their manpower management programs; and the program for the employment of Vietnam-era veterans.

As a result of these activities, the environment of the Federal civil service now sets a good example for all employers. People are selected on the basis of ability. Equal opportunity is a way of life. People receive training, which will increase their ability to do better work. Employees have a voice in matters that affect them on the job. Excellence is encouraged, recognized, and rewarded. There is pride in accomplishment. The work is exciting, for it is worth doing.

In short, this is an environment in which the civil service has become more reliable, more efficient, more competent, and more responsive than before.

And there is awareness, on the part of elected leadership as well as on the part of the 2½ million men and women who comprise the civil service, that the service exists to carry out the programs that people expect of their national government. That, in the final sense, is what government in a democracy is all about.

So I salute the career civil service on its 91st birthday, and I extend best wishes to all career employees in the years ahead. You are doing a great job, and we thank you.

UNIVERSITY OF MID-AMERICA

Mr. HRUSKA. Mr. President, on July 29, 1974, at Kansas City, Mo., five Midwestern universities initiated a new regional education institution of great promise for the future of higher education in the United States. The new University of Mid-America—UMA—represents a major step forward in "open learning", the process of bringing college level courses to people in their homes.

The University of Mid-America builds on the pioneering work of the State University of Nebraska—SUN, an "open learning" program for Nebraskans which has been operating as a project of the University of Nebraska.

Both SUN and UMA have received support from the National Institute of Education. I am well aware, Mr. President, of criticism leveled at the Institute. At the same time, I am aware of the difficulties inherent in bringing strong leadership and effective coordination to a field as complex as educational research. I believe that through its support of SUN and UMA the National Institute of Education is investing wisely in developments of potential benefit to the entire Nation.

Mr. President, I ask unanimous consent that two items be included at this point in the RECORD. The first is the text of the official announcement of the establishment of the University of Mid-America. It contains the names of the participating universities and the principal officers of this important undertaking. The second item is a letter to this Senator from President D. B. Varner of the University of Nebraska.

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

(See exhibit 1.)

Mr. HRUSKA. In his letter President Varner outlines expansion plans for UMA and discusses the importance for this new "open learning" program of continued support by the National Institute of Education for a period of 5 years. At the end of the 5-year period, plans call for UMA to be self-supporting.

This program is highly significant. It is unique in all phases of postsecondary education. It is innovative in its proposed scale, but very well demonstrated in its earlier development stages.

The hope of meaningful progress in improving the quality and accessibility of education will gain new vigor by reason of this newly launched creation.

EXHIBIT 1

(The University of Mid-America—University of Kansas, Kansas State University, Iowa

State University, University of Missouri, and University of Nebraska)

UNIVERSITY OF MID-AMERICA TO BRING NEW OFF-CAMPUS PROGRAMS TO THE MIDWEST

KANSAS CITY, MO.—Five midwestern state universities announced here Monday that they will cooperate to develop a new regional educational institution to be known as the University of Mid-America.

At an afternoon news conference, chief executives of the University of Missouri, the University of Kansas, Kansas State University, Iowa State University and the University of Nebraska announced that the University of Mid-America (UMA) would become a new regional "open learning" university which makes college-level courses available to people in their homes.

UMA, which will be managed as a joint project by the five-university consortium, will coordinate development of open learning educational systems in the Midwest, while it designs and produces multimedia courses that will be available for use in the region and around the nation.

The five university presidents will serve as members of the UMA Board of Trustees, the chief policy-making body, while other policy guidance will be provided by an Academic Council of five faculty members from each participating university and a National Council of Advisors of laymen and educators from the Midwest region and the nation.

UMA was formally incorporated under the laws of Nebraska last Friday in Lincoln, Nebraska.

At an organizational meeting Monday, the trustees elected James McCain, president of Kansas State University, as chairman of the board and named C. Brice Ratchford, president of the University of Missouri, as vice chairman.

D. B. Varner, president of the University of Nebraska, was elected president of UMA, and Jack McBride, executive director of the University of Nebraska's S-U-N (State University of Nebraska) Project, was elected UMA executive vice president. Ronald J. Turner was elected secretary and William H. Eberle treasurer. At S-U-N, Turner is the assistant to the director and Eberle is director of business and finance.

McCain, speaking for the UMA Board of Trustees, said that in the S-U-N Project the University of Nebraska has established a program of potential national significance in "open learning," the descriptive phrase for new efforts to provide college-level educational opportunities to people in their homes.

McCain said all the communications media, including television, radio, telephone systems and eventually perhaps computers and satellites, will be combined by UMA with print materials and audio tape cassettes as part of packaged courses.

S-U-N's open learning research efforts over the past months have been funded by the National Institute of Education (NIE), the new research arm of the U.S. Department of Health, Education and Welfare. This fall, S-U-N with UMA support will return to NIE, seeking multiple year funding on behalf of the unique regional university.

Ratchford said that in the initial phases of UMA development, courses will be produced for UMA through a subcontract relationship with the University of Nebraska and S-U-N, while the several universities provide leadership for development of delivery systems which can provide postsecondary learning opportunities from border to border in each state.

Varner, whose leadership was instrumental in creation of UMA, said he believed the five state universities were creating a unique new institution in American postsecondary education.

Leadership for UMA development, he noted, will be a joint enterprise by the faculty and staffs of the several institutions involved.

"The creation of UMA marks an important first in cooperative regional educational endeavors," said Varner. "I believe it may lead to other successful ventures in sharing of resources and expertise across state boundaries."

All five institutions are members of the Mid-America State Universities Association (MASUA), a regional association of the five schools and the University of Oklahoma and Oklahoma State University.

McCain said the MASUA schools had provided the leadership for UMA planning during the past several months. As a next stage of development, he said, the MASUA schools will act as catalysts to develop plans for delivery systems involving all segments of postsecondary education in each state.

"This is a significant date in the history of higher education in the Midwest and in the nation," said McCain. "We see this project as a way to expand the important resources of the MASUA universities to serve people from all walks of life and at all ages."

Also attending the news conference were Chancellor Archie Dykes of the University of Kansas and Assistant Vice President Edwin C. Lewis of Iowa State University, who attended on behalf of Iowa State President W. Robert Parks.

UNIVERSITY OF NEBRASKA,
Lincoln, Nebr., July 22, 1974.

Senator ROMAN HRUSKA,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HRUSKA: We were delighted to have the opportunity to visit with you on July 5th and brief you on the S-U-N project. There continues to be every evidence and this model regional open learning development is potentially highly significant to higher education in the Midwest and, indeed, nationally. The $2 million the Office of Education, the National Institute of Education and private foundations have provided these past three and a half years has enabled this new educational concept to be extensively researched and developed. With operations planned to begin next January, indications are that this important experiment in higher education will prove highly successful.

I am pleased also to be able to give you the advance news that our regional postsecondary educational consortium is a reality. On July 29th, a news conference will be held in Kansas City to announce the formal incorporation of the University of Mid-America. This new and significant educational compact will be a non-profit corporation formed to pool the resources of seven major state universities in five midwestern states, and will be responsible for the design and development of open learning courses employing a new instructional design concept and a variety of educational technologies. UMA could, indeed, be this country's answer to the British Open University.

The initial incorporators of the University of Mid-America will be the University of Kansas, Kansas State University, University of Missouri, Iowa State University and the University of Nebraska. The University of Oklahoma and Oklahoma State University, it is believed, will very shortly join the compact and pool their resources as well. Historically, these seven institutions comprise the Mid-America State Universities Association; thus, the impetus for initial incorporation. However, the bylaws and articles of incorporation of the University of Mid-America will indicate that other states and educational institutions will be encouraged to join in this important educational endeavor.

Specifically, we are initially thinking of the contiguous states of Wyoming, Colorado, South Dakota and Montana. Initial contacts with major universities in the surrounding states indicate a high degree of interest. The new open learning cources are being so designated as to allow their ready export and use in these as well as other states.

This most important national experiment has been carefully nurtured and supported by the Department of Health, Education and Welfare. NIE officials are well aware of the potential importance of the S–U–N/UMA development as a significant improvement to higher education in this country. Pending the successful completion of certain work assignments during calendar 1974, it has been the joint plan of NIE staff and ourselves to seek a five year funding plan to allow full demonstration of the regional open learning model and development toward ultimate self-sufficiency.

With this project so carefully laid, it was with great concern that we learned of the potential reduction in budget for the National Institute of Education. This is most unfortunate and should represent a serious concern to all senators and representatives of the Midwest and Great Plains states. We would hope that you would so advise Members of Congress as to both the importance of this major educational development and the potential dangers of inadequate appropriations. The exact impact of the reduction of the NIE request on the University of Mid-America is not at this time clear. With inadequate funding for NIE, it could create important problems for the future development of this model regional open learning system. It is my impression we could limp along with a vastly reduced scope and service, but the full and exciting potential of the University of Mid-America and the opportunity to systematically improve higher education could suffer irreparable damage. I wanted to provide you with this latest information, with the hope that you might share it with your colleagues. I am sending a similar letter to Congressman Thone that he might discuss the problem with members of the House. The presidents of the other University of Mid-America institutions share my concern, and join me in urging your every assistance.

Yours truly,

D. B. VARNER,
President.

IMMUNITY AND AMNESTY

Mr. FULBRIGHT. Mr. President, as they have always done in times of transition, especially sudden transitions under unhappy circumstances, the American people and Congress are united today in support of our new President, Gerald Ford. With his long experience as a leading Member of Congress, President Ford is uniquely qualified to work in mutual trust and harmony with the Congress, and in so doing to restore unity and confidence in government to the American people.

As we offer our assistance to a new President, it is no less appropriate that we offer our best wishes to the departing President, Richard Nixon, along with an expression of appreciation for his contributions to world peace. As was evident in his speech last night, that is what he hopes to be remembered for. And as one who opposed his Vietnam policy but later came to admire and support his creative and successful initiatives for peace in relations with the Soviet Union and China and in the Middle East, I believe that hope will be realized. More than any other President since World War II, Mr. Nixon has grasped and acted upon the preeminent necessity of the post-war era. As he enunciated it in his fine speech of last June 5 at Annapolis:

In the nuclear age our first responsibility must be the prevention of a war that could destroy all society. We must never lose sight of this fundamental truth of modern international life.

For his grasp of this central truth, and for his diligent efforts to implement it—through "shared goals of coexistence" and "the shared practice of accommodation" as he then put it—Mr. Nixon has earned our gratitude and approbation.

We have come to the culmination of a long, abrasive and divisive controversy over our public morality. In the course of this controversy there has been, it seems to me, an excess of animosity and even vindictiveness on both sides. It would seem appropriate at this moment of transition to put an end to acrimony and accusation. There is no better way to do this than by laying the Watergate question to rest, and this can best be accomplished by permitting President Nixon to leave office in dignity, without further anxiety that he may be subjected to prosecution or harassment, and with approbation for his notable achievements in foreign relations. Although it seems that the Congress has no authority to grant immunity from prosecution, I hope that responsible Federal and State officials will share the conviction of many of us in Congress, that Mr. Nixon has paid a heavy and sufficient penalty for his actions by departing from office. In justice and decency, one hopes that he will be troubled no further.

It would be equally appropriate, Mr. President, to extend this amnesty to still another issue which has disrupted and divided our people for the last decade. I refer of course to the Vietnam war, and to the personal circumstances of those thousands of decent, honorable, and patriotic young Americans who found themselves unable to participate in that war. They, too it seems to me, are deserving of immunity from further punishment or prosecution. Unlike many of us who had the opportunity to dissent by speaking our minds, these individuals felt compelled to dissent from the war by refusing to participate in it. In war as in Watergate, the violation of law is a serious and unacceptable matter, even when the law seems to require actions which offend the conscience of individuals. The law must be enforced—that goes without saying—but there is and must be room within our system of laws to allow of conscience and dissent, and to accommodate to those circumstances wherein public law and personal morality seem to come in conflict with each other.

Under these rare and difficult conditions, a humane society takes resort to amnesty. I call, therefore, for amnesty to the departing President of the United States. I call as well, and with deep belief in its necessity and justice, for a general amnesty for those thousands of young Americans, some here at home, others in foreign exile, who refused as an act of conscience to serve in the war in Vietnam.

We have an opportunity at this moment of transition to clear the decks of lingering acrimony. As we clear the decks of Watergate, let us take this occasion to clear the decks of the other great moral issue of our time, the war in Vietnam.

RESIGNATION OF PRESIDENT NIXON

Mr. BARTLETT. Mr. President, the following is a statement I released after the announcement made last night by the President that he would resign today:

This is a sad and traumatic day for every American.

Although I deeply regret that events and circumstances have dictated the resignation of President Nixon, I accept the decision and believe it was "best for the nation."

Richard Nixon, as a member of Congress, as Vice President, and as our President, has had a profound influence on American history. He has led America in directions where no other man succeeded and few would have dared.

He has been the nation's leader, and he has been my leader. I have, as governor and senator, supported most of his programs and I have agreed with his general philosophy of government.

Although I cannot defend his performance or the performance of those around him in regard to Watergate, we should not forget his record of outstanding accomplishments over the last 25 years.

I was proud of then-Vice President Nixon when he withstood the derision, the taunts, and the serious danger to his own life when he toured South America for President Eisenhower.

I was glad he was our emissary when he stood up to Khrushchev in the kitchen debates in Russia.

I believed him when he promised as a presidential candidate to get us out of Vietnam. He got us out, and it was with our heads held high. Our men are now home, and South Vietnam remains free.

I believe the world is safer because Richard Nixon was our President. Who else could have established a link with Red China and in the same year begun détente with the Soviet Union! He walked us on a tight rope to peace in the Middle East.

Richard Nixon has for many years spoken the language of the majority of Americans. He believed in a strong America, yet he distrusted the Federal bureaucracy. He believed the Federal government should return power to the states and to the people.

Shakespeare said that: "Roses have thorns; silver fountains have mud; and all men make mistakes."

Richard Nixon was subject to human frailty; and like all men, he made mistakes. He was wrong, and he is paying a severe price. But let us never forget that he was a patriot—a man who loved America.

I hope the nation, the press, and the government will now put Watergate behind us.

I have great confidence in Vice-President Gerald Ford; and with the many problems facing America, it is imperative that he, as President, have the support of an undivided nation.

We must go forward with the business of the people—with enthusiasm and faith in the future.

I am confident Vice President Ford will bring to the presidency the moral, political, intellectual, and common sense approach to the presidency that will enable this nation to continue sound leadership of the free world.

Yes, this is a sad day, but at the end of the tunnel, we can see a ray of light—President Jerry Ford.

GRAIN RESERVES

Mr. HUMPHREY. Mr. President, I am encouraged by the August 5 Wall Street Journal article, "Idea for Domestic, World Food Reserves Gains Increased Attention in Washington."

As the article states, I have been pointing out for some time the need for a food reserve to protect our Nation's basic, rock-bottom needs.

The opponents have argued that any Government held reserves would automatically depress the market. They claim that the private market should hold all reserves.

In my view the private market should hold most of the reserves, as my legislation recommends. But it is in our national interest to have the Government hold some modest reserves. A reserve will also help temper the volatile market which makes it impossible for the farmer to plan with any idea as to what prices he will obtain for his crops.

Mr. President, I ask unanimous consent that the article be included in the RECORD.

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

COMMODITIES: IDEA FOR DOMESTIC, WORLD FOOD RESERVES GAINS INCREASED ATTENTION IN WASHINGTON

(By Les Gapay)

WASHINGTON.—An old idea for a system of grain reserves for use when supplies are tight is gaining more attention in government.

Various Congressmen long have called for domestic food reserves and also have urged that the U.S. take the lead in establishing an international reserve system. Only recently an advisory panel to the Senate Select Committee on Nutrition and Human Needs proposed such an international reserve.

Meanwhile, a Senate Agriculture subcommittee held some hearings on legislation proposed by Sen. Hubert Humphrey (D., Minn.) that would establish a system of U.S. government stocks of wheat, feed grains, cotton and soybeans to be accumulated through the Agriculture Department's loan program to farmers, and the panel will hold more meetings. One purpose would be to stabilize fluctuating prices of grains and also cattle, hogs and poultry, which depend on grains for feed. Advocates of the Humphrey plan claim that concern about high food prices and the likelihood of a disastrous corn crop this year will put continued emphasis on grain reserves and increase the measure's chances for passage.

OPPOSITION IS LESSENING

Within the Nixon administration, opposition to a world food-reserve system is lessening, although officials still oppose any U.S. government-held stocks of grain. The Agriculture and State Departments are in the midst of defining administration policy on world grain reserves in preparation for a United Nation-sponsored food conference in Rome. The conference, to be held in November, was advocated by Secretary of State Henry Kissinger.

In a recent speech, Edwin M. Martin, a former ambassador and current State Department official delegated as the "U.S. coordinator" for the world food conference, said it is "essential to agree on an international system of national food reserves" as the supply and demand for food comes into closer balance in the face of continuing population growth. He didn't give details, but Mr. Martin's view goes a step further than that espoused by Agriculture Secretary Earl

Butz, who opposes an internationally held and managed stockpile. Mr. Butz favors each nation developing its own program.

In conjunction with the food conference, State and Agriculture Department personnel are studying a revamping of Food for Peace and other U.S. food-aid programs as possible alternatives to a formal government system of grain stocks. One problem with the Food for Peace program, says an Agriculture Department official, is that amounts available for use are determined each year by what's left from production and estimated consumption of crops. Thus, the amounts available for aid vary.

Some officials, moreover, are worried that even for domestic use the difference between production and consumption is getting too close. Until recently, the U.S. had enjoyed grain surpluses. But now the stock of U.S. wheat on hand, for example, is at 217 million bushels, the lowest level since 1948 and half that of a year ago and only a fourth of the level two years ago.

POPULATION GROWTH CITED

Of course, world-wide population growth also is catching up to production growth. The Senate nutrition committee's advisory panel warned that any decline from expected levels in this year's world grain crop would cause famine in some parts of the world and suggested a system of reserves for emergency needs of developing countries. Sen. George McGovern (D., S.D.), chairman of the Senate panel, went further, suggesting that the U.S. also establish its own grain reserves isolated from the normal commercial markets.

The House passed legislation in 1972 establishing such reserves, but it was defeated in the Senate Agriculture Committee, at the urging of the Nixon administration. In 1973, a similar Senate bill was defeated as an amendment to the farm bill. Currently, the Senate Agricultural Committee is divided on the matter. But some Senators from agriculture states fear that a system of reserves would depress present prices.

Sen. Humphrey, however, says prices wouldn't drop. Frequently pointing to the biblical story of Joseph convincing the pharaohs of Egypt to store grain for lean years, the Senator says his legislation would provide for government acquisitions, through its loan program, of stocks in times of excess production. Sale of the stocks would occur only in times of short supply. The proposed legislation calls for stocks of 200 million bushels of wheat, 15 million tons of feed grains (mostly corn), 50 million bushels of soybeans and 1.5 million bales of botton.

Indeed, Sen. Humphrey claims that Secretary Butz's proposal of having the private grain trade, rather than the government, hold substantial volumes in reserve would depress prices and discourage further production by farmers. Farm groups are split on the proposal.

Secretary Butz in recent months frequently has said he would favor only an international sharing of information to assess supply and deficit situations and to give guidelines for nations to follow in developing their own courses of action.

Mr. Butz says he doesn't want a recurrence of the U.S. holding surpluses as a byproduct of price-support programs and that the government should stay out of the grain-storage business. "We must get over the idea that there is something evil about reasonable rises and falls in food supplies and prices," he says.

CONCENTRATION IN FOOD MARKETING

Mr. McGEE. Mr. President, for many long years I have been concerned about the growth of monopoly power in this country's system for bringing food from the farm to the American dinner table. Recently, as the result of a court case heard in California, attention has again been focused on the impact of concentrated buying and marketing power in the hands of huge national food chains. This case involves the same industry, cattle raising, which was struggling under the burden of unequal power distribution in the marketplace a full decade ago when its plight moved me to introduce legislation which became Public Law 88-354 and established the National Commission on Food Marketing.

Along with several of my colleagues, including the Senator from Washington (Mr. MAGNUSON), the Senator from Michigan (Mr. HART) and the Senator from Nebraska (Mr. HRUSKA), I had the privilege of serving as a member of the Commission through 2 years of intense investigation of this Nation's food marketing establishment.

In my brief separate statement printed as part of the Commission report in June, 1966, I observed that our studies of the subject had led to the conclusion that—

> The accumulation of market power can readily lead to the oppression of both consumers and producers.

In that report, I went on to state that the National Commission on Food Marketing itself, despite 2 years of hearings, investigations and expert advice, had "barely begun to comprehend the implications arising out of the growth of the great food chains."

And I added:

> I am not so concerned with the relatively few cases in which market power of the chains is deliberately employed in predatory schemes. But size inevitably begets power, and inordinate power tends to subvert the free play of market forces, of supply and demand, upon which we have traditionally relied to insure producers and consumers equity in the marketplace.

Perhaps, Mr. President, I should have been more concerned about the intentional predatory practices which the Federal court jury in San Francisco found persisted even beyond the Commission's report and its recommendations. Those included, among others, that the Federal Trade Commission should be charged with making a continuing review of market structure and competition in the food industry and report annually thereon to the Congress.

Happily, the FTC has recently moved to pick up this matter again, though we might wish that less time had passed. Other recommendations of the Commission, such as its call for a centralized consumer agency established by statute, have yet to be realized despite long and careful consideration.

Mr. President, the plaintiffs in the San Francisco lawsuit were cattle ranchers who contended, convincingly to the jury, at least, that several of this Nation's largest chains had set high noncompetitive retail prices and low wholesale prices paid to packers, which in turn affected what packers paid to the ranchers.

The contention is that the practices alleged, including geographical allocation of territories, centralized buying and coordination of efforts to control supply—in short, the failure to compete on price—unfairly punish the producer and the consumer.

The statement I appended to the report of the National Commission in 1966 observed that—

> The central role in our food distribution system is occupied by food retailing. Over the past several decades the balance of power has increasingly shifted to retailers at the expense of farmers, processors, and consumers.

While distressed that we have not made more headway on putting stress on the public interest considerations involved in this vitally important area of everyone's life, it is a healthy thing that civil processes initiated by concerned citizens have brought the question to the fore again. I realize that the judgment and award in the case involving the Great Atlantic & Pacific Tea Co., has not been fixed irrevocably. Still, Mr. President, the case is important, for it points again to the need for sustained attention to this national problem, not just by judicial proceedings, but also by the executive and by the legislative branches of the Government. I ask unanimous consent that two news reports, taken from the New York Times and the Wall Street Journal editions of July 26, 1974, be printed in the RECORD.

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

A. & P. IS ORDERED TO PAY DAMAGES OF $32.7 MILLION

SAN FRANCISCO.—A federal court jury awarded actual damages amounting to $10.9 million to six cattle ranchers who had charged Great Atlantic & Pacific Tea Co. with conspiring to fix fresh-beef prices.

Under antitrust laws, actual-damage awards are tripled by the federal court, making the total damage against A&P $32.7 million.

A&P's attorney, Arthur Dunne, moved for a new trial or for the court to overturn the six-person jury's verdict. A hearing is set for Aug. 20. Mr. Dunne said that if he loses his motions, the company will appeal.

In New York, an A&P spokesman said "The verdict is shocking and we are confident we will be vindicated."

Joseph M. Alioto, attorney for the plaintiffs and son of San Francisco's Mayor Joseph L. Alioto, said he will seek on Aug. 20 to have the court order that the case be made a class action so that other ranchers affected in a manner similar to the plaintiffs might seek damages against A&P.

The four California and two Colorado ranchers had originally filed suit in 1968 against A&P, Safeway Stores Inc. and Kroger Co., but both Safeway and Kroger settled out of court last year for a total of $85,000 without admitting that they conspired to fix fresh-beef prices. The plaintiffs had sought almost the exact amount awarded them by the jury.

Plaintiffs had contended that A&P had set high noncompetitive retail prices and low wholesale prices paid to packers, which in turn affected what packers paid to the ranchers.

A. & P. HELD GUILTY ON MEAT PRICING

SAN FRANCISCO, July 25.—A Federal jury found the A. & P. supermarket chain guilty today of fixing prices in buying fresh meat and assessed the giant company a total of $32,712,081 in damages. The Great Atlantic and Pacific Tea Company was found guilty of conspiring to fix prices at both the wholesale and retail levels.

The plaintiffs had alleged that A. & P. conspired with a number of members of the National Association of Food Chains to fix high, noncompetitive retail prices and low wholesale prices for meats.

An A. & P. spokesman at its New York headquarters said of the judgment: "The verdict is shocking. We are innocent and we are confident we will be vindicated." A. & P. is expected to ask for a retrial at a hearing set for Aug. 20.

AUTOMATICALLY TRIPLED

The award was won by six ranchers and livestock producers in California and Colorado who were represented by Joseph M. Alioto, son of San Francisco's Mayor, Joseph L. Alioto. The actual damages awarded by the jury totaled $10,904,027, which is automatically tripled under antitrust law.

The complainants filed suit in 1968 alleging that A. & P. conspired to restrain trade in fresh meat by "allocating geographical territories to preclude competition." The ranchers had asserted that the giant retailer and others had eliminated competition by centralizing buying and exchanging information, coordinating efforts to control supply and providing sales and profit information to their trade associations.

Safeway Stores, Inc., and the Kroger Company, also large food retailers, were dismissed as defendants in 1972 and 1973 by Chief United States District Court Judge Oliver J. Carter after stipulating to agreements by which $90,000 was paid to cover attorney fees.

AWARDS ARE LISTED

The jury awarded $25,058,277 to Dan Compton of Woodbridge, Calif., $5,708,958 to Irvin Bray of King City, Calif., $914,673 to Arnold Christensen of Arbuckle, Calif., $552,981 to Stanley and Orin Vanleck of Slough House, Calif., $240,849 to William Prather of DeBeque, Colo., and $236,334 to R. E. Boulton & Sons of Newcastle, Colo.

The complaint alleged that the antitrust violations occurred from 1964 to February, 1973. The jury awarded damages for the period from 1964 to January, 1968, the date of the suit. Mr. Alioto estimated that, in this period, his plaintiffs had sold 51 million to 52 million pounds of beef and had sought damages of 10 to 20 cents a pound for losses that occurred as a result of the action by major food stores.

A pretrial order named as alleged co-conspirators—but not defendants—seven other chain store groups, Winn-Dixie Stores, First National Stores, Colonial Stores, Giant Food, Food Fair Stores, the Brenner Tea Company and the Jewel Tea Company.

Mr. Alioto said initial financing for the suit came from various stock growers' groups in Colorado, South Dakota, Wyoming and Montana. He added that he would file a motion to make the complaint a class action at the Aug. 20 hearing.

WHATEVER HAPPENED TO THE ENERGY CRISIS?

Mr. HUMPHREY. Mr. President, I want to commend to my colleagues an excellent recent CBS News special entitled: "What Ever Happened to the Energy Crisis?" The broadcast made three important generalizations which we must keep in mind when considering energy legislation in the near future. First, the hard times of last winter were not the energy crisis. Second, we are more at the mercy of the Arabs now than before their embargo and the next energy drought could be worse. Third, this country's leadership is not leading us out of this continuing energy crisis and something has to be done quickly.

The documentary points out that energy conservation is a key factor in solving our long-term energy problems in the United States, but we are back to our old ways of consuming too much energy. CBS points out that motorists are not obeying the national speed limit of 55 miles an hour. People are back to buying the big gas-guzzling automobiles even though they are paying more than 60 cents a gallon for gasoline.

CBS also shows that Americans waste energy through our inefficient heating, cooling, and lighting systems for residential and commercial buildings:

More than twenty percent of all the energy consumed in the United States is used simply to heat or cool residential and commercial buildings because most such structures are overcooled in summer and overheated in winter, the amount of energy wasted each year is staggering. Compounding the overkill in space conditioning—that's heating and cooling—is a general, excessive use of electric lighting and an insufficient use of building insulation material.

Commentator John Hart makes a very interesting observation about the impact of the "energy crisis" upon the major oil corporations:

We've been through a convulsion without having passed the crisis and we are still addicted to oil. What are the oil companies doing? They're making a lot of money, for one thing.

Here's how ten of the big companies have done in the first half of this year, compared to the first half of last year:

Exxon: more than a billion and a half dollars of profit, up over fifty percent.

Texaco: over a billion dollars profit through June, up more than ninety-seven percent.

Gulf: more than half a billion, up fifty percent.

Mobil: approaching two-thirds of a billion, up eighty-four percent.

Standard of Indiana: nearly half a billion, up a hundred and six percent.

Shell: nearly a quarter billion, up forty-five percent.

Phillips: more than two hundred million, up a hundred and twenty-eight percent.

Continental: more than two hundred million, up one hundred and eleven percent.

Atlantic Richfield: two hundred and thirty three million, up ninety-seven percent.

Sun Oil two hundred and eighteen million, up one hundred twenty-four percent.

Over five billion dollars of profits for ten oil companies in six months. They are spending some of it looking for new oil. But they say they need two things to make the turn toward independence in energy: clearer leadership in Washington, and more high profits.

CBS points out that we have had little effective response from the administration and the industry to the energy crisis and that it will get worse before it gets better unless we do something now.

Unfortunately, the decisive changes in our conservation programs and in the development of new sources of energy are still pending. John Hart summarizes the special report by stating:

Conservation is voluntary. And we are voluntarily abandoning it. The development of alternative sources is incidental to the development of more oil. The pain of the crisis is in remission. But the condition of the crisis remain. Industry blames environmentalists and the government. The government we haven't heard from lately. That is what happened to the energy crisis.

Mr. President, in light of this excellent documentary and the pending long term energy crisis, I urge my colleagues to support several important energy proposals which the Senate will be considering in the next two weeks.

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

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

CBS NEWS SPECIAL REPORT—WHATEVER HAPPENED TO THE ENERGY CRISIS?

ANNOUNCER. Because of the following Special Program CBS News Retrospective will not be presented this evening.

JOHN HART. Good evening. It's probably not necessary to mention that these are times of crisis, when we're bending the future in new directions for better or for worse. We have a political crisis, an economic crisis, some people might add, an energy crisis. A good deal has happened in the six months since Dr. Kissinger accused the Arab oil countries of blackmail. One thing that's happened is that we've been making large payments to them. It's been four months since they turned the oil back on. Another thing that's happened is that the long lines of winter, waiting for gasoline have turned into the long lines of summer burning gasoline as if there's a surplus—which there is. It seems hardly the time to bring it up: Whatever Happened To The Energy Crisis? But it is time. As we shall see.

ANNOUNCER. This is a CBS News Special Report: Whatever Happened To The Energy Crisis? With Correspondent John Hart.

HART. We begin this broadcast with our conclusions: There are three. The first one is that the hard times of last winter were not the energy crisis. They were the miseries of a crisis that was there before and is still here now. The second is that we are more at the mercy of the Arabs now than before their embargo and that the next energy drought could be worse. The third conclusion is that this country's leadership is not leading us out of this continuing energy crisis. And in this hour you'll have a chance to argue with these conclusions as we show you what led us to them.

The energy crisis, together with the inflation it is feeding has already changed history. It has forced rich nations to beg. It has forced powerful ones into new alliances. It forced aspiring ones to abandon some dreams. Most of us don't notice all this, mainly because we can buy gas and oil again. Tonight, we'll take care to notice what has changed.

On the road, where we learned last winter how to use gasoline better. In Detroit which has decided in its 1975 models whether we really want better mileage. In our buildings where much of our energy is used and wasted. In the energy industry where riches were made in addition to promises. In government where promises were made. And in the rest of the world where whole economies are on a slippery side.

The Arabs turned the oil back on four months ago. The lines have gone from the filling stations and they're back on the road.

Harry Drinkwater reports.

HARRY DRINKWATER. To most, seeking vacation spots this summer, the recent gasoline shortage is as distant a memory as World War Two. Places like Disneyland report that not even the high cost per gallon is keeping motorists away. A year ago the average price of gas was thirty-nine cents a gallon. Now, it's fifty-five cents, an increase of sixteen cents a gallon. National parks are booked solid, thirty-six million American families are crowding the highways, hotels and campsites, the same number of vacationers as last year.

One man at Yosemite seemed to sum it all up.

MAN AT YOSEMITE. Well, it'd been January or February I wouldn't have then come to Yosemite. But I'm from San Diego and so there didn't seem any problem now so I've got the money, I come.

DRINKWATER. The national speed limit is still fifty-five miles an hour; drive slower to get better fuel economy the law says, but are motorists obeying?

MAN. I would say that California motorists are doing exactly what the motorists in the rest of the nation are doing and that is violating the fifty-five speed limit in unprecedented numbers. A recent survey by the California Department of Transportation, an independent organization from the Highway Patrol indicates that four out of every five vehicles are violating the fifty-five mile speed limit.

DRINKWATER. On a weekend, say, how many people does that mean who are going faster than fifty-five? How many tickets could you write?

MAN. Well, theoretically, we feel that we could write a hundred thousand citations a day in California if we had the manpower; they find themselves speeding although they say they like the fifty-five speed limit.

DRINKWATER. A Gallup Poll found, in fact, that seventy-two percent say they favor the fifty-five mile an hour limit. Another poll and hard economics indicated the mobile home and recreational vehicle industry was in deep trouble earlier this year, some firms going bankrupt.

But that is changing now too. People are buying them again, sales so brisk some manufacturers can't make them fast enough to keep up with the demand.

Energy Office warnings be damned many Americans seem to be saying. We like the big gas guzzlers. We like to drive fast and we'll pay sixty cents a gallon. It's worth it even if it means we can't afford steaks when we finally park at the campsite and light the old barbecue.

HART. For a while sixty cent gas seemed to mean we couldn't afford big cars. Small cars took over the market in January.

Fifty-five percent of it. Now down to about forty-five percent. A lot of people stopped buying new cars altogether. Now the 1975 models are about to appear and we'll see how Detroit is coping as Richard Roth reports.

RICHARD ROTH. Assembly lines now finishing the 1974 model run will soon begin turning out cars most of us haven't even heard of. Cars with names like Pacer and Skyhawk, the 1975 cars that will be Detroit's first tentative answer to the energy problem. Tentative because not all auto executives are sure how much energy problems have really changed Americans' buying habits.

MAN. We still feel, for instance, that there's going to be—always going to be a market in the United States for a vehicle that will carry the husband, wife, three kiddies, a dog, a trunkful of luggage on their vacation. And this doesn't have to be a large car necessarily and it doesn't necessarily have poor fuel economy.

ROTH. Five or six months ago the sign in a suburban Detroit showroom held the kind of promise car buyers were looking for. Today salesman Terry Christian says almost no one is asking for twenty-nine miles to the gallon.

TERRY CHRISTIAN. Right now our public wants the large cars. They're not really interested in the economy. They're more interested in the convenience of the large cars. They're worried next year about the engines that are coming out. So we've got our big car back out.

ROTH. Whatever happened to the energy crisis?

CHRISTIAN. I don't really think people after the first impact of the first six weeks, they really had it in their mind anymore. They really think the energy crisis was a hoax and none of us really knows the real truth, whether it was or wasn't.

ROTH. Big cars with big gasoline appetites are selling again. But automakers, generally, are convinced last winter's gasoline lines speeded up a trend automotive designers have been working with for several years, the trend to the small car. Even big car leader General Motors will introduce five new small cars modeled on its highly successful Vega this year, four more than had been planned before the oil embargo.

The problem is, the new small cars may be developing some of the big car's extravagant habits.

Ford is naming these 1975 cars the Granada and Monarch. They're smaller and lighter than standard or intermediate size but too big to be called compact. Basic models with six cylinder engines will save some gas but the people at Ford expect many buyers will want the bigger engine and the options that offer luxury at the expense of fuel economy.

A Ford executive says: For 1975, small will be in. Austerity will be out.

And that may include austerity at the gas pump.

HART. To say nothing of austerity at home where the energy waste begins.

It's harder to turn in a big, inefficient building for a new model than it is a car. And Richard Wagner reports, it's harder to get people interested too.

RICHARD WAGNER. More than twenty percent of all the energy consumed in the United States is used simply to heat or cool residential and commercial buildings because most such structures are overcooled in summer and overheated in winter, the amount of energy wasted each year is staggering. Compounding the overkill in space conditioning, that's heating and cooling is a general, excessive use of electric lighting and an insufficient use of building insulation material. This report focuses on what is being done about the problem in Phoenix, Arizona.

The largest office building in the southwestern United States is the Valley Bank Building in downtown Phoenix. It's forty stories tall and was opened last year, just before the energy crunch hit. Of all the energy consumed in a building of this kind, almost half goes for lighting. Now, the building's management has found that to conserve energy, it can cut the number of fluorescent tubes in each fixture in half without reducing lighting efficiency. A computer system is currently being installed which will allow one man to monitor the entire building's interior climate. Thousands of sensors will report temperature changes throughout the structure's safe conditioning system and the computer will make the needed corrections. The double pane reflective skin of the building can reduce by up to eighty-five percent the heat from the sun which would otherwise enter the building, thereby reducing considerably the amount of air conditioning required. The battery of decorative lights has never been used and is not likely to be in the foreseeable future.

With regard to residences, the main concern in this part of the country is cooling, not heating. Only five percent of new homes in the United States were air conditioned ten years ago. Now, fifty percent are. One developer in this area is in the process of building energy conscious, two to four bedroom homes which will sell for twenty-three to thirty thousand dollars. The homes are available with windmills to generate electricity and a set of storage batteries to hold it ready for use; an eight hour charge can provide up to three days of power. The system will add five thousand dollars to the price of the house.

Less expensive energy savers are wind turbines to pull hot air which can reach two hundred degrees out of attics and evaporative coolers to provide cool air at one tenth the energy consumption of refrigeration type space conditioning units.

Ten inch thick walls are standard to keep the cool air in and the hot air out. Solar heaters provide hot water and a rooftop tank keeps it hot. In Phoenix's sunny weather, a system like this can supply up to ninety percent of needed hot water, water that is still steaming hot in the morning without adding to the utility bill.

Even with the energy saving features however, and perhaps because of them, prospective buyers are not standing in line to buy Frank Bragiotti's houses.

FRANK BRAGIOTTI. I think, so far, the normal reluctance to buying anything that doesn't have a major brand name that you're accustomed with has been a hinderance to us. Secondly, I think we tend to be creatures of habit. And we're used to paying for energy and it's a little different when we get our hot water for free from the sun or electricity free from the wind. This is something different than we're used to.

WAGNER. Are you having a problem educating the purchaser? Does he believe you?

BRAGIOTTI. I think right now in 1974, it's difficult to educate the consumer, people tend to be quite a bit like the man from Missouri: show me. Prove it.

WAGNER. Despite the need to conserve energy, what Americans are looking for in their new homes is more of what they were getting before there ever was an energy crisis.

HART. This crisis is like arsenic in your coffee. It's a bit more bitter than before, what with higher prices and all. But you get used to it and all the time the poison is building up in your system. In fact, we are more dependent on the Arabs now than before the embargo.

The bottom line is our domestic oil production. It is going down. The top line is our oil consumption. It is going up. Last year, we imported two point three billion barrels. This year we're going to import around a hundred million barrels more than that. One reason this is happening is the stalemate in government. The Congress and the White House unable to agree on what to do about it.

Roger Mudd reports on the Congress. Dan Rather on the White House.

ROGER MUDD. Six months ago the energy crisis was it on Capitol Hill. It was everybody's favorite and easy issue. Everybody talked about it, played politics about it, postured about it, drafted legislation about it. By one count, close to eight hundred bills touching on the energy crisis were introduced. But as it turns out what Congress really did was blow a lot of steam. Only eight energy bills are now law. The rights of way through federal lands, that's the Alaska Pipeline Bill which had been around for more than a year. Two, oil allocation, giving the President mandatory control over oil distribution. Three, FDA, the Federal Energy Agency, the first Nixon request to pass. Four, daylight saving time, an experiment until April of next year. Five, economic stabilization to promote competition in the oil industry. Six, Uratum Corporation to sell uranium to America's European atomic partners. Seven, highway conservation—fifty-five miles an hour on federal roads. And, eight, energy supply, temporary suspension of some air pollution laws in the name of energy saving.

But not passed is a seemingly endless list, part of it duplicated here. A national land use bill, a deepwater port bill, a coal conversion bill, an oil price rollback bill, a gasoline rationing bill and so on.

When the Congress returned from its Christmas recess, the members were filled with voters' complaints about the fuel shortage and the rising price of gas. The Congress took it out on the oil company executives who got roasted regularly for resisting price rollbacks and for opposing a tightening of tax loopholes. But in the end the Congress backed off, preferring to believe apparently President Nixon's declaration in February that the energy crisis was over.

Senator Henry Jackson of Washington professed he wasn't sure how Congress could again be stimulated to act.

Senator HENRY JACKSON. It's tough. It's tough, Roger, very tough. For example, people are concerned about the price, but when my bill was up and it passed, two to one, to roll back the price, in the middle of the crisis, as the situation was being eased, the President vetoed the bill; we lost the override, two-thirds vote by eight votes in the Senate. Just because they could see the crisis coming to an end. And the oil industry was able to really lobby so that they turned Senators around who had voted for us.

MUDD. But then when the crunch was on, the Congress couldn't summon enough votes to override.

JACKSON. That's right. We lost by eight votes.

MUDD. So you really didn't respond, then, did you?

JACKSON. Well, we responded but we——

MUDD. Not when you had to.

JACKSON. Well, we responded but we Democrats don't have two-thirds of the votes in the Senate.

MUDD. Senator, given the new attitude you perceived in the Congress last winter, are you now disappointed at the record that Congress put together on energy?

JACKSON. I'm disappointed in the attitude in the Congress. We had a good record while the crisis was on and we did a good job. The President vetoed that—those accomplishments by the action that he had taken but I am disappointed in all candor with the fact that there is a sort of laisser faire attitude, let's don't do anything now, it's coming along all right because they can get the gas at the pump and it's hard for the—to legislate.

DAN RATHER. This is Dan Rather. For whatever has not been done that can be done by government to solve the energy crunch, Congress is to blame. This has been a consistent theme of President Nixon and his aides for months. Mr. Nixon and his advisors claim that as they put it, the President's decisive action in solving short run aspects of the energy problem represent major accomplishments for which Mr. Nixon should receive a great deal of credit. And that if Congress will spend less time now on Watergate and more time on legislation proposed by the President, the country will be well on its way to solving energy problems for the foreseeable future.

When the energy crisis was in the headlines every day, the President met often with William Simon, then his chief energy advisor. During the past few months, with the energy situation less in the headlines and Simon moved over to the job of Treasury Secretary, Mr. Nixon has spent comparatively little time talking with anyone about energy. His staff insists that he has spent more time than it might appear to an outsider and besides, they say, this President is good at organization, at delegating authority. Mr. Nixon, they claim, has organized the executive branch to deal effectively with the problem and has good people under him doing a good job everywhere. So if the energy problem isn't solved in the White House view, Congress, not the President will be to blame.

HART. The hard times of last winter, as hard times seem to do brought forth a new government agency, the Federal Energy Administration. It has preached conservation to the public, argued for better mileage with the car makers, taken control of gasoline prices and on Capitol Hill generally opposed the tax and conservation bills that industry opposed. The Energy Office has worked more at reducing demand than at increasing production. Nelson Benton talked with Energy Czar John Sawhill about that.

JOHN SAWHILL. Well, we have asked the Congress to provide us with a mandatory labeling bill so that the American consumer would know exactly what he's getting when he buys an appliance or buys an automobile. One way I think that would help American buyers understand the efficiency of automobiles is if we said this car gets twenty miles per gallon but if you get air conditioning it will only get eighteen miles per gallon. If you get automatic transmission, it will ony get sixteen miles per gallon.

NELSON BENTON. Mr. Sawhill, there's an estimate now that there's something like one and a half to two million barrels per day oil surplus in the world. When is this surplus likely to show up in the substantial reduction of prices at the retail level?

SAWHILL. I don't think the reduction will be substantial, although I think we will see some softening in price, provided that the Middle Eastern nations don't begin cutting back their production in order to remove the surplus.

BENTON. Some critics say that Project Independence leans too heavily on supply considerations with a lack of emphasis on conservation. Is this a valid criticism of the way it's shaping up?

SAWHILL. I've heard that criticism but I don't quite understand it because for the next three or four years there's very little we can do on the supply side. Most of our actions are going to have to be directed at cutting back demand and all the things that we've tried to do from abandoning neckties this summer to save energy which is symbolic in a sense of the kind of lifestyle changes that Americans will have to make to meetings with automobile industry to get them to make more energy efficient cars to our meetings with homebuilders talking with them about building and retrofitting existing homes in a more energy-efficient way.

BENTON. I've heard figures of anywhere from two hundred thirty-five billion to a trillion dollars for the cost of Project Independence. Where does all that money come from?

SAWHILL. Well, it's going to have to come from other sectors in the economy. We're going to have to reorder our priorities in order to shift resources away from things we've been doing in the past to expanding our energy supply if we want to maintain the kind of economic growth we've had in the past in this country.

BENTON. The government's going to have to foot a lot of the bill, will it not?

SAWHILL. The government will have to spend substantial sums. But a great deal of it is going to be spent by private industry and this is why we keep saying that energy prices are going to go up. They're going to have to go up in order to require the increased production of energy in this country.

HART. The thing is our priorities have not been reordered. Our habits are not being changed by choice or by force. The cost of energy has gone up dramatically but the production of energy in this country has not. Project Independence is a joke in certain oil circles. One big executive laughed at the mention of it, saying his Arab partners laughed too. This year we moved away from Independence, not toward it.

George Herman looked at the American energy industry to find out why.

GEORGE HERMAN. America's energy crisis started in 1956 when drilling for oil hit its peak and started down. Oil production from American field peaked in 1970 and it started down in turn. And that sparked the beginning or more drilling belatedly. In 1970 we had to import twenty-three percent of our oil. Now it's up over thirty-six percent.

In this weakened condition we suffered heavily from the Arab oil embargo and called it a crisis. Now the Arabs have turned on the oil again and that crisis is over but the whole oil picture has changed. Oil now costs from two to four times as much. Gasoline is up fifteen cents a gallon and we're using less of both.

This summer American gasoline consumption, instead of rising its usual three or four percent decreased fractionally. And with rising imports we have an increased reserve stock of gasoline and a feeling that there's a comfortable supply. We're out of the crunch because we are importing more, using less and paying more for it.

What we'd like, of course, is more American oil and less importing. And there is more American oil. Geologists say we've found only about half of it. On the average we pump out only about a third of what we find. The other two-thirds stays in the ground, too difficult and too expensive to get out. Now the vastly higher price of oil has made that two-thirds more interesting and some feel oil companies have ordered new equipment to get out the remainder. That will take two or three years and it will be a decade before any significant part of that sound but formerly uneconomic oil is flowing.

New drilling is increasing but there's a catch. Drill pipe and drill rig steel are scarce. Some have shown up on a sort of driller's black market. And finally, oil companies say it's hard to know what to do while you're waiting for leadership from the administration and worrying about when Congress will slap you with new taxes and environmental restrictions.

The net result of it all is that our dependence on foreign oil has continued to increase.

Natural gas is usually found in drilling for oil. Gas is distributed through long and costly pipelines like oil and the conventional wisdom is that twenty years of government price regulation has discouraged gas companies from exploring and drilling. So last month the Federal Power Commission granted significant price increases for new gas. One major company, Phillips Petroleum says the new increases are not enough to stimulate new searches and new gas production. No new bonanzas have been reported. Domestic reserves of gas are declining and the expectation is that natural gas will have to be imported or else supplanted by gas made from coal and the progress on that has not been accelerated by the energy crisis.

Coal was supposed to be our big fallback position. We have more energy in American coal than Saudi Arabia has in oil, enough to fuel America for centuries. Government officials talked bravely of tripling our production of coal by 1985. What was actually done?

MAN. There was a time during the embargo, during the heyday prices when all the political rhetoric, and all of the policy decisions that were about to be made and the legislation all were headed in the direction of a total national commitment to the development of coal, much like Project, the Manhattan Project or the space program. It looked as though this is the direction we're going as a nation. And when the spigot was turned back on,

HERMAN. The oil spigot?

MAN. The oil spigot was turned back on, somehow this was lost sight of. And from the failure of that basic commitment to the development of coal as our most abundant, indigenous resource, came what happened and that was essentially—nothing.

HERMAN. Three days ago something did happen. The House overwhelmingly passed a tough bill to regulate strip mining and protect the environment. The industry had bitterly opposed the bill saying it would devastate strip mine production and destroy any chance that coal could play a big role in solving this nation's energy problem. If House and Senate agree on such a measure, Baggie(?) says he recommends a veto. But the margin in the House, anyway, was more than needed to override a veto.

The coal situation is further complicated by labor problems. It's widely anticipated that in November the miners will walk out for what could be a prolonged strike, creating major problems for energy supplies this winter. The union says it's in a strong position.

MAN. Well, one thing they always tried to do when contract negotiations got down to where they were about ready to begin, they always maintained build up huge reserve stockpiles and they don't have any stockpiles now. There's shortage everywhere you go and they're not in that position. If we're forced into a position where there is a strike, it could be a rough one.

HERMAN. Their quality standards may or may not allow coal to be burned in factories and by electric utilities. Coal is a utility, the biggest single source of power and they need more and more of it if they are allowed to burn it or if techniques can be perfected to remove the noxious sulfur before or after the coal is burned. In the meantime, coal is in a holding pattern; production up less than seven percent; no signs of any rush to open new coal mines.

Nuclear power plants have turned out to be a complicated and dangerous way to boil water for a turbine; big new nuclear plants last year ran at about fifty-eight percent of their rate of capacity while big new fossil plants were turning out seventy-five percent of theirs. The energy crisis was far too short-lived to affect anything so long range as the nuclear power program. If anything, plans for nuclear plants have decreased recently. First, because power companies are in desperate financial straits and will need help to survive, let alone buy nuclear plants and also because of a projection that uranium will be in short supply in ten to fifteen years and may have to be imported.

HART. We've been through a convulsion without having passed the crisis and we are still addicted to oil. What are the oil companies doing? They're making a lot of money, for one thing.

Here's how ten of the big companies have done in the first half of this year, compared to the first half of last year:

Exxon more than a billion and a half dollars of profit up over fifty percent.

Texaco over a billion dollars profit through June up more than ninety-seven percent.

Gulf more than half a billion up fifty percent.

Mobil approaching two-thirds of a billion up eighty-four percent.

Standard of Indiana nearly half a billion up a hundred and six percent.

Shell nearly a quarter billion up forty-five percent.

Phillips more than two hundred million up a hundred and twenty-eight percent.

Continental more than two hundred million up one hundred and eleven percent.

Atlantic Richfield two hundred and thirty-three million up ninety-seven percent.

Sun Oil two hundred and eighteen million, up one hundred twenty-four percent.

Over five billion dollars of profits for ten oil companies in six months. They are spending some of it looking for new oil. But they say they need two things to make the turn toward independence in energy: clearer leadership in Washington and more high profits.

* * * * *

HART. The Ford Foundation studied energy for two years and this spring reported that no single villain brought us to this point and no simple action will get us out.

The Report said that unless we can increase our imports of oil at an acceptable economic and political price, the only thing we can do right away is simply use less. The director of the study was S. David Freeman.

S. DAVID FREEMAN. The surest road to independence, or interdependence, whichever you want to call it is energy conservation. The way to cut down imports is to cut down on the gasoline that we burn on the highways. We will not get there by excavating Colorado in my judgment because I don't think the people out there have yet decided that they want to be excavated.

HART. From all you can see, there is no crisis. Where is the crisis?

FREEMAN. Well, the crisis is still right around the corner. But what has happened is that we're really all a year older and just deeper in debt. I think that we had a wonderful opportunity at the end of the embargo for the President to move ahead in a policy of true energy conservation. He blew it and I think the country is blowing it. And yet the opportunity was there for leadership to put together a package of legislation that would require homes to be insulated that would give poor people the money to insulate their houses, that would require Detroit to keep on refueling and not stop the minute the crisis was over and that would put an end to this ridiculous situation of discount rates to big industries for electric power when the more they use the more it costs the average consumer. We have the ingredients of a consumer-owner energy possibly that's just literally staring us in the face but we have government that seems to be indifferent to the public interest and I must say that the media left just about as soon as the gas lines disappeared.

HART. How are you going to get action before the day of reckoning that you talk about?

FREEMAN. We've got to talk straight to the American people and persuade them that this wasn't just cooked up in a hotel room by the oil companies. Sure, they're making money hand over fist and their profits are way too high and all that but that's not the heart of the problem. The heart of the problem is that we're living way beyond our budget in terms of the resources that are environmentally available.

HART. Conservation isn't everything, is it? You also have to think about supply.

FREEMAN. Well, of course, we have to have supplies but the greatest help in our supply situation would be if we could buy enough time through conservation to develop new sources that are cleaner and give the existing sources enough breathing room to—for us to be able to clean them up.

HART. The easiest source of energy to get at is still oil and the oil companies are still spending most of their efforts and profits on getting it. Freeman and the Ford Foundation say the thing to do first is conserve, reduce demand.

William Tavalerius, president of Mobil says that's only half of it.

WILLIAM TAVALERIUS. The problem I see today is that nothing is being done about creating additional supplies, with the entire emphasis on slowing demand. In terms of lesser demand brought about by conservation and higher prices that's understandable but the other side of the equation is increased supplies. Nothing is really being done about increased supplies. The next crisis, in my opinion, is going to be much worse than what we saw in the past.

HART. Do you know when it's coming?

TAVALERIUS. Well, I don't think anyone knows when it's coming because involved are many factors. But if you asked me to guess, I would say that if we have a cold winter, very cold winter, we could have some shortages again this winter. But within two years in my opinion, we'll be back into another very serious crisis. And maybe before that.

HART. And will that be a temporary crisis or will it be more likely to be more permanent than the last one?

TAVALERIUS. Well, if we don't increase supplies, it'll be more permanent.

HART. Isn't that your job?

TAVALERIUS. Yes. It is my job and I—the trouble is I get too much help and the help just impedes me doing my job.

For example, I, right now, am planning to expand and modernize a refinery in Paulsville(?) New Jersey. In order to get that refinery approved, I need certain environmental clearances. I was told I would have those clearances by this summer. Now I'm told I'm lucky if I get it in the first part of 1975. In the meantime, we're spending money and by the first part of 1975 Mobil will have exposed(?) eighty million dollars, not knowing whether we can get that refinery modernized and built.

HART. What about exploration in this country, given the object of, you know, independence?

TAVALERIUS. Well, all we got in the United States is the Lower 48 which has been really explored. And the offshore area. And Alaska. The offshore areas and Alaska is completely under governmental control. They're just not seeing fit to put up some of these areas. So we're opportunity limited in the United States.

HART. Mr. Tavalerius, whatever happened to Senator Jackson?

TAVALERIUS. You'd better ask Senator Jackson that question. Maybe you should have asked me what I think should be happening to Senator Jackson.

HART. Seriously.

TAVALERIUS. Well, let's analyze the situation. We had a crisis. People were disturbed. They had a right to be disturbed. I'm working in the oil industry so I feel defensive to an extent and I say, they wanted to find a whipping boy and blame somebody. My problem is I don't see any additional barrels of reserves coming out of all these investigations. [GARBLED]. . . . needs additional barrels of reserves in the United States. That's how they're going to avoid an energy crisis.

HART. The fact is the United States and much of the developed world is in hock to Arab reserves. So energy policy is now fundamental to foreign policy.

Armand Kalb(?) asked Secretary of State Kissinger if the developed nations are mature enough to handle the problem.

Secretary of State KISSINGER. Well, when it started out, the first reaction of course was every man for himself. I think most nations, indeed, I would say all nations have now learned that this simply will not work. And short of a really new monumental crisis we are well underway towards making progress.

KALB. Mr. Secretary, if the United States continues to use fuel at current rates, don't you face the probability that at some point down the road, we're all going to be in a fight for a limited amount of power?

KISSINGER. It is an absolute requirement that we develop new energy sources, that we conserve existing sources. If we all rely on existing sources, then in fact, there is going to be an extremely—terrific competition.

HART. There are some nations whose current problem is simply getting to the end of this decade. A look at them when we come back.

* * * * *

HART. The new power of Arab oil has changed international politics. The United States which has a lot of its own oil is competing with some countries that don't have any for Arab supplies.

Secretary of State Kissinger says the world must develop new sources of energy, otherwise, he says, there will be an extremely divisive competition. That could happen between the United States and Japan as both countries committed to growth compete for the limited foreign oil essential to growth, even survival.

Bruce Dunning reports from Japan.

BRUCE DUNNING. Japan's oil backlog is now full, to its pre-crisis sixty day capacity and the oil industry is rushing to increase that capacity to ninety days in order to have a thicker cushion against any future threats to the oil supply. Japan's tankers are its lifeline. This country must import virtually all its oil and Japan is the world's second greatest oil consumer. While crude oil was cheap and fuel, Japan allowed itself to become more dependent on oil than any other industrialized nation.

Nearly three-quarters of Japan's energy comes directly or indirectly from oil. Low cost oil fueled Japan's so-called economic miracle. When the Arab nations boosted the international price for oil Japan was trapped. The national oil bill has quadrupled in two years.

This increased cost of oil has caused international balance of payment deficits averaging more than a billion dollars a month so far this year, a serious drain on Japan's foreign reserves. Hardest hit by the increased cost of oil was basic industry like steel. Japan's factories are the chief users of energy, not the individual consumer as in the United States. So far the government has put the burden of cutting energy use on industry.

One of the worst hit industries is auto building, an industry which was a leader in Japan's postwar economic recovery. Domestic auto sales dropped drastically as soon as the oil crisis hit. For the first time ever, Japan's auto industry is building more cars for export than for domestic sales. But the increased cost of production has driven up the prices and the Japanese auto makers are finding that their cars are less and less competitive especially in the big U.S. market.

For the average Japanese consumer the most devastating effect of the oil crisis has been inflation. The cost of living is now running twenty-five percent above last year. One important effect of the energy crisis has been to force on Japan the realization that alternatives to oil must be found. The most promising alternative for the near future is nuclear energy. About seventy-five miles north of Tokyo the Japan Atomic Power Company is building a new million killowatt nuclear powered station. Here's one of sixteen nuclear reactors under construction in Japan.

But atomic power is a touchy political issue because Japan is the only nation ever to suffer a nuclear attack. Every time a new reactor is proposed, residents of the area try to block it.

One resource Japan does have in quantity is coal. But coal has become an environmental villain. So its use has declined. This electrical generating plant was built a few years ago to demonstrate that coal can be a good citizen. But coal's real future most likely lies in research just now getting underway, into the possibilities of turning coal into gas or oil. The search for new sources of energy is essential to the future of Japan.

MAN. Today the link to the supply of oil in long range plans, long range view, so we must make every effort to tend our industrial sector from much energy consumption to energy saving Japan without achieving this Japan cannot be expected to survive much longer as a nation.

DUNNING. The problem for Japan is that patterns of energy use cannot be changed overnight. Japan allowed itself to become too dependent on this single source of energy and now must pay a price. That price seems to be no less than the end of the Japanese economic miracle.

HART. Other countries have no miracles to lose. Zambia, for instance; it's still getting started on economic development and the high price of oil is the same for Zambia as for Japan but the miracle in its wealth is not there to pay for it. As Bert Quint reports.

BERT QUINT. It was a wild country that David Livingstone found here a little over a century ago. The Scottish missionary was the first European to penetrate the land that today is called Zambia. In the Wangwa(?) valley in northeastern Zambia, there still are far more elephants than humans: most of the country is equally underpopulated. Those who do dwell the Langlawa River never heard of an energy crisis. Like two of every three Zambians they live outside the economy.

There are fertile areas where the rains swell the Zamzesi River and turn the earth green. But most villages grow only enough for themselves. To feed the cities and towns where industry has begun to attract people away from the land, great quantities of food, even staples like rice must be imported. So too must almost everything the townsfolk have and use.

The government wants desperately to build some plants to cut down on imports and to make the land produce more and different kinds of food. But to develop agriculture, it has to clear the wilderness. It needs heavy equipment and fuel to drive it. It needs pumps to irrigate with, fertilizer, from petroleum to enrich the land. It needs vehicles to carry produce to market. It needs schools to educate children, to train adults; it needs power and money to generate it.

More than ninety percent of Zambia's foreign exchange earnings comes from one resource—copper. The world's fourth largest producer Zambia has kept itself afloat and started its development by producing and exporting this metal.

The copper companies, fifty-one percent controlled by the government, the rest by American, British, and South African interests figure it now costs them thirteen million dollars more a year for fuel to mine and refine the copper than it did before the price rise.

Zambia imports a million tons of crude oil a year. That used to cost fifty million dollars. Now it's three times as expensive.

Zambia has some coal but it's not very good. President Taouwnd(?) of Zambia and other African leaders have gone to the Arab oil capitals to plead for discounts. We broke relations with Israel to help you, they say. Now it's your turn to help us. In Zambia's case, the break put an end to Israel experts coming here to teach Zambians modern farming methods and to sending Zambians to Israel for training on collective farms.

Like the rest of the world the Zambians are feeling the petroleum pinch. Planning and Finance Minister Alexander Chicuanda.

Do you think that the Arab oil producing nations are charging your country and other African countries a fair price for oil?

ALEXANDER CHICUANDA. I think the oil producing countries as a whole are not charging, well, in general, (GARBLED) . . . and in terms of the demand for their products, from their point of view, they think that they're charging a fair price. But from my point of view it's not a fair price because it has the effect of squeezing me out of existence.

QUINT. Water power is something Zambia does have. It shares the mile wide Victoria Falls and other Zambesi River cascades with Rhodesia. While the British controlled both areas, they built a hydroelectric plant on the Rhodesian side. Now Zambia is rushing to build plants north of the river, a backstop in case Rhodesia cuts off the supply and a source of energy to diminish to the dependence on petroleum. Like other developments in the country, these plants cost a lot of money. The high price of fuel means there is that much less cash to work with.

HART. Developing countries such as Zambia are paying a triple penalty. First, they have to buy the equipment for their development from other countries and the equipment price keeps going up. Second, they have less money to buy it with because the cost of oil to power the equipment has more than tripled. And, third, what resources they do have, such as Zambia's copper costs them more to get at because the price of equipment and energy are so much higher. So just when they're beginning to reach up, the dream of catching up is arrested.

In Italy where the dream already came true, it is being shattered. Winston Burdette reports.

WINSTON BURDETTE. Of the ten most highly industrialized countries in the world Italy is the hardest hit in the energy crisis and the most vulnerable. She is now engaged in an uncertain battle on two fronts, against surging inflation and against the threat of irretrievable bankruptcy; a country without natural resources that has been living beyond her means, her trade deficit now expanding at the rate of close to one million dollars each month. The government has now stepped in with a drastic mix of austerity measures. With the fourth price hike in a year, the Italians are now paying a dollar and seventy-six cents for a gallon of gasoline, the highest price in western Europe.

Italy has been enjoying all the goods of a mass consumer society. After oil, her biggest import bill is for meat. She imports more meat than the United States and it cost her more than two billion dollars last year. Now the government has tripled the added value tax on beefsteak, hoping to cut that bill. And a volley of higher prices on a range of staples. And a drive against populant consumption. Higher added value taxes on all luxuries. On French champagnes of which Italy disbursed more than a hundred million dollars last year. Imported whiskey for which she paid even more. Imported perfumes and cosmetics on which she spent more than half a billion dollars. Italy came late to the affluent life and now abruptly she must give it up.

But not only the extravagance must go. Jobs must go also. The government's credit squeeze almost certainly will bring a train of bankruptcies in industry; tight money will mean recession. The National Trade Union Federation rejects the austerity program and holds strikes and demonstrations against it. The payoff will come next fall and winter. Some say there will be a quarter of a million men laid off. Others say between four and six hundred thousand unemployed by Christmas. The unions are battling and angry. They do not believe the government's brave(?) promises to crack down on wealthy tax evaders, to cut out the fat in government, to clean out the big, wasteful, parasitic state agencies that are the chief patronage machines of the ruling parties and eat up so much of the public monies. In such crises, it's usually the average man who pays and the fat is the last to go.

On every side in Italy now, you behold colossal insolvency. A national budget deficit this year of some fourteen billion dollars is expected. The State Health Service owes five billion dollars to the hospitals. The Ministry of Posts whose postal service has disintegrated is nearly one billion dollars in the red and so is the state electric company and all the time inflation propelled by the energy crisis is coming on at an annual rate of eighteen to twenty percent, threatening to engulf the country.

This is a test of Italy's ailing political system, greater, harsher than any the country has known since Mussolini. The alarm bells have sounded in the capitals of western Europe and in Washington. The deepest concern of Italy's friends is for the future of her democratic institutions. They do not forget that she has had the power and in today's Europe still has the power to drag other countries into her own calamity.

HART. The energy crisis did not go away. By definition a crisis is an unstable state of affairs in which a decisive change is impending. Two weeks ago Kuwait threatened to keep over a million barrels of oil off the market every day if it did not get a higher price. That is not a stable state of affairs. Saudi Arabia threatens to take over all the American in Aramco, the oil combine. That is not a stable set of affairs. American oil production in this country has gone down and we are more dependent on the Arabs than before. That is not a stable state of affairs.

As for decisive changes, we've already had one in international economics with the cash tilt toward the Arab countries. We've had one in international politics, with a power tilt toward the Arab countries.

What decisive changes are still pending? The fundamental ones of changing our sources of supply and of changing our wasteful use of energy. Those changes are not being made. Conservation is voluntary. And we are voluntarily abandoning it. The development of alternative sources is incidental to the development of more oil. The pain of the crisis is in remission. But the conditions of the crisis remain. Industry blames environmentalists and the government. Environmentalists blame industry and the government. The government we haven't heard from lately. That is what happened to the energy crisis.

I'm John Hart. Good night.

THE DEFINITION OF GENOCIDE

Mr. PROXMIRE. Mr. President, genocide is commonly defined as "the systematic, planned annihilation of a racial or cultural group." There are basically two elements of this definition essential to a clear understanding of the Genocide Convention. The first of these is the term "planned," or in the words of the convention itself, "intent to destroy." Some critics of the convention allege that any act against a national, ethnic, racial or religious group would constitute genocide. They maintain that such acts as school busing and certain police and military actions would fall under the jurisdiction of this treaty. This is not so. The Senate Foreign Relations Committee clarified this matter when it attached an understanding to the treaty stating that acts of genocide are those committed with the intent to destroy, in whole or in part any of the above defined groups.

A second vital element of this definition is the concept of the "group." The Genocide Convention defines the idea as "a national, ethnical, racial, or religious group." Some critics of the Genocide Treaty claim that its ratification will place individuals accused of homicide under its jurisdiction. Nothing could be further from the truth. Homicide involves a single individual, is a domestic matter, and falls under the jurisdiction of domestic laws. Genocide involves an entire group, is a matter of international concern, and should be condemned by international law.

Genocide then must concern an entire group, and must involve the intent to destroy that group. It is a very specific crime which demands very specific legislation. In urging the speedy ratification of the Genocide Convention I call to the attention of my colleagues the words of Arthur Goldberg:

> The Genocide Convention outlaws action that is repugnant to the American people. . . . It is inconceivable that we should hesitate any longer in making an international commitment against mass murder.

INCREASE THE DOMESTIC SUPPLY OF NATURAL GAS

Mr. BARTLETT. Mr. President, we have a crucial domestic shortage of natural gas. The answer to the problem is simple—increase the domestic supply of natural gas.

Some, as I, say the only way consistent with our principles of free enterprise is deregulation.

Others disagree.

I recommend this report to my colleagues as a fair analysis of the natural gas shortage and deregulation.

I ask unanimous consent that the report be printed in the RECORD at this point.

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

THE NATURAL GAS SHORTAGE AND DEREGULATION

(By Peter C. Hughes)

FORWARD

In an article entitled, "The Challenge to Our System," Alan Greenspan wrote that the fundamental nature of our political and economic system has always been taken as a given. We have taken growth for granted, says Greenspan, and this has led to the implicit belief that it is possible to tamper indiscriminately with our economic system, making patchwork adjustments here, and imposing controls there, without affecting our rising productivity and standard of living. I believe that we have reached the point where we can no longer afford this view.[1]

Greenspan's fear, that the ever-increasing role of government will somehow change the basic nature of our system, if not reversed, should find little opposition. For while there can be differences of opinion as to what constitutes the proper role of government within our economic system, no one can maintain, as the author correctly argues, "that there is not some point at which government intervention becomes government control of the economy, at which point we have moved, by definition, to a socialist, or quasi-socialist system."[2]

The danger for any society that cherishes the values of freedom and liberty is that the growth of government intervention can be gradual enough so as not to cause a disruption in the transition, and that the development from a free-enterprise system to a controlled economy can occur before the full impact of the development is recognized. We then become accustomed to the idea that government control and/or government programs are the only way to deal with our problems. This public policy paper does not deal directly with the philosophical questions underlying these political and economic currents, but it does serve to highlight the debate surrounding "consumerism" and its critique of the American corporate enterprise system within the overall framework of the "energy crisis," and the policy options currently being considered by the United States Congress.

INTRODUCTION

Perhaps no issue, with the possible exception of Watergate and related matters, received as much attention as the "Energy Crisis" during the first session of the 93rd Congress. During the last six months of 1973 alone, 21 Senate, House, and Joint Committees held 212 hearings on energy issues.[3] Equally significant is the fact that Congress during that same period, enacted only four energy related laws, and only one of these measures (the Alaskan Pipeline bill) will provide for additional oil and gas.[4] The other three bills (authorizing year-round daylight savings time, reducing the speed limit, and authorizing allocation of oil and petroleum products) dealt mainly with fuel allocations and conservation. Nevertheless, the demand for all kinds of fuel is up; reserves remain in short supply; and a life-style that has come to depend upon cheap and plentiful energy seems threatened.

Footnotes at end of article.

A significant part of the national energy shortage involves natural gas, which remains America's cheapest and, environmentally, most desirable fuel. Today, natural gas represents 38% of all energy consumed in the U.S. It serves 43% of the country's industry and 150 million Americans in their homes. Recognizing the importance of natural gas, a report published by the Senate Committee on Interior and Insular Affairs made this following observation:

> Of all the presently available fossil fuels, natural gas is the most pollution-free, the least expensive, the most versatile, and the most unobtrusively transported. It is also in very short supply. Interstate pipeline and distribution companies seeking to contract for additional natural gas supplies have been unsuccessful, except within producing states, where lack of Federal Power Commission jurisdiction has allowed producers to charge higher prices. The producers have asserted that burdensome FPC regulation, in holding interstate prices down, and in actually lowering prices once legitimately charged, caused a loss of incentive to explore for natural gas as well as burgeoning demand for the inexpensive premium fuel. The direct result has been a shortage. Others disagree with this view of the origins of the gas shortage.
>
> Nonetheless, the shortage exists and is forcing hard decisions upon the Nation: Must the end uses of gas be restricted to protect higher-priority users? Must millions be devoted to manufacturing synthetic gas or importing liquified natural gas to take the place of domestic gas which could be less expensive to produce? Are the estimates of available gas reserves reliable or do they reflect the producer-estimator's self-interest? Has Federal regulation been to blame for the shortage and concurrent waste of gas? If so, how should the law be changed?[5]

In response to these questions the Senate Commerce Committee announced that it would hold a series of hearings on the subject of natural gas regulation beginning in October of 1973. These hearings are being continued in the second session of the 93rd Congress and some for of legislation is expected to come before the Congress for consideration in 1974.

The legislation being considered by the Senate Commerce Committee falls into two broad categories, those bills calling for deregulation of producer price controls, (S. 371, S. 1549, S. 2048, and S. 2305); and those proposals recommending regulatory reforms of some kind, (S. 992, S. 2143, S. Con. Res. 31, S. 2506, S. 1829 and S. 2860).

Although Senate Commerce Committee Chairman Warren Magnuson (D-Wash.), upon announcing the hearings, said they would "explore whether or not the petroleum industry is workably competitive and the amount of regulatory reform which may be required,"[6] Senator Adlai Stevenson (D-Ill.), who has chaired the hearings on the subject of natural gas regulation, was more firm in his position. Stevenson stated that the gas industry "claims that present regulations on natural gas are unworkable. Consumers consider total deregulation unthinkable. I believe the time has come for Congress to consider an alternative that will protect consumers and, at the same time, meet valid objections to current regulatory practices."[7]

Among the various bills introduced, the two most prominent are S. 2506 (introduced by Senator Adlai Stevenson and prepared at his request by members of the Senate Commerce Committee Staff) and S. 2048 (the Nixon Administration sponsored bill which was introduced by Senator Norris Cotton (R-N.H.). These two bills will be highlighted during the following discussion because they encompass the entire spectrum of debate and the wide difference of opinion over whether or not the wellhead price of natural gas should be deregulated.

I. THE PROBLEM

The roots of the current gas shortage can be traced to recent legislative history and the judicial and administrative interpretations derived from that legislation. In 1938 Congress passed the Natural Gas Act declaring that: "the business of transporting and selling natural gas for ultimate distribution to the public is affected with a public interest, and (that) regulation is necessary in the public interest." [8]

This Act gave the Federal Power Commission (FPC) jurisdiction over interstate natural gas sales to local distributors and over the transportation of natural gas through the interstate pipeline system. A 1954 Supreme Court ruling (*Phillips Petroleum* v. *Wisconsin*) further extended the authority of the FPC, granting it jurisdiction over the sales of natural gas producers where the gas is sold for resale in interstate commerce.[9]

Even at this early date it was widely argued that the inevitable result of the Supreme Court's expansive interpretation would be to discourage individual initiative and incentive to explore for and develop new sources of natural gas. But the only successful legislative effort to provide for the deregulation of the wellhead price of natural gas was in 1956, in the form of the Harris-Fulbright bill. President Eisenhower, who was in full accord with the legislation, nevertheless, felt compelled to veto the bill because of "irregular" lobbying activities and his fear that the enactment of the legislation would threaten the "integrity of the governmental process." [10] Legislation to deregulate interstate natural gas has been perennially introduced since that time but only now in the shadow of a growing "energy crisis" does it seem that such legislation might be enacted.

The need for remedial legislation pertaining to the regulation of natural gas is evident from the testimony of Senator James Buckley (C-N.Y.) before the Senate Commerce Committee in which he pointed out that:

"Since the FPC began regulating the wellhead price of gas on a widespread basis, we have witnessed a rapid depletion of existing reserves from a 20 year supply in 1963 to less than an 11 year supply in 1971. Since 1968 our Nation has consumed approximately twice as much natural gas as it has discovered and added to present reserves." [11]

Similarly, Patricia E. Starratt, a staff analyst for the U.S. Interior and Commerce Committees, has argued that as a result of inept government regulation and unthinking environmental protest, natural gas, "our cheapest, cleanest fuel is becoming increasingly unavailable." [12]

Under various pricing procedures the FPC attempted to regulate the natural gas industry and protect the American consumer. But the result has been that Federal regulation has held natural gas prices at an artificially low level while simultaneously stimulating the demand for it. At the same time, natural gas exploration and development has been made unattractive, thus decreasing the supply. To illustrate the point, whereas the price of natural gas rose only 20% between 1950 and 1970, the price of coal rose 80% and the price of heating fuel rose 33%. (This compares with an overall rise of slightly over 60% in the U.S. consumer price index for the same period.) In 1972 the average price of natural gas was 21.3 cents per thousand cubic feet, as compared with 51.7 cents per thousand cubic feet for the minimum commodity value of alternative fossil fuels.

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Federal regulation has also produced another problem. Historically, 75% of total gas sales went to the interstate market (primarily domestic consumers): today, only 36% of available gas does. Thus, there has been a long-term continuing decline of interstate sales to the intrastate market (consisting primarily of industrial consumers).[13]

If the Federal government's current natural gas policies have not yet produced a crisis, future projections are not so optimistic. The difference between supply and demand in the natural gas market was approximately .9 trillion cubic feet (4% of annual demand) during the winter of 1972–1973. According to the FPC, if present policies are continued, and we assume moderate growth rates in consumption as well as nuclear power plants that will supply 23 percent of the Nation's energy needs by 1990, the gap between supply and demand could rise to 171 trillion cubic feet by 1990, estimated at 37% total demand or 58% of actual consumption.[14] And the irony of the current gas "shortage" is that there is an abundant supply of natural gas to be tapped which could satisfy both our immediate needs and those for the foreseeable future.

According to estimates by the American Gas Association, natural gas reserves (i.e., the estimated quantity of natural gas that is known to be recoverable based on available technology and current geological and engineering data) as of December 1972 consisted of 266.1 trillion cubic feet of natural gas in the United States, including Alaska. But these estimates serve more as a current inventory than as a basis for future projections. Estimates of "potential" natural gas supplies (i.e., gas not yet in proved reserves) in the United States as of December 1972 have ranged from as low as 1,146 trillion cubic feet to as high as 6,600 trillion cubic feet. These "potential" natural gas supplies become all the more significant when it is noted that 1,100 trillion cubic feet is over 50 times this country's 1972 consumption.[15] Thus, the natural gas shortage does not result from an inadequate domestic resource base, but rather from a lack of incentive to explore for and develop new natural gas resources.

II. THE NEED FOR DEREGULATION

The argument for any kind of regulation is always based upon the idea that it is necessary to protect the public. In the case of natural gas, regulation has been defended, as Senator Stevenson (D-Ill.) recently did, with the argument that the energy industries are stifling competition at the expense of the consumers. Regulation of natural gas is also based upon the assumption that the FPC can, in fact, regulate wellhead natural gas prices on the basis of cost. The first part of the argument, however, is simply inaccurate, and twenty years of experience has taught us that regulating natural gas prices on the basis of cost is not possible.

With regards to competition in the field of natural gas, in 1970 there were 3,700 natural gas producers. The four largest controlled only 25% of the market, and the eight largest controlled only 41%. Such market concentration is not unusual for the manufactured products industry. Quite to the contrary; in over 80% of the "over 1000" classes of manufactured products, the four largest companies control a larger share of the market than the four largest gas producers, with almost one-half having concentration ratios of over 40% for the four largest producers. But market concentration in itself is not indicative of competitiveness.

According to economists a more accurate measure of competitiveness (in the natural gas industry) is the turnover rate in the market. During his testimony before the Senate Subcommittee on Antitrust and Monopoly, John Nassikas, the Chairman of the FPC, argued that the "grouping of industry leaders" in the natural gas industry is misleading because these so-called leaders vary not only from one date to another, but also from region to region. An analysis of new contracts between 1964 and 1969 in Southern Louisiana, for example, shows that thirty-five different firms occupied the forty-eight possible positions for the laregst eight firms.[16] (Louisiana holds 30.6% of total U.S. proved natural gas reserves.)

Nassikas' testimony also illustrated that the "four largest" natural gas distributors sell only 25% of all natural gas sold; not 70% as has been argued by Senator Stevenson. According to Nassikas' testimony, the percent of total annual new sales by the "four largest" natural gas companies (Exxon, Amoco, Gulf, and Phillips) also declined from 49.5% (1964 to 1966) to 29.4% (1967 to 1969).[17] This, in itself, suggests a decline in market concentration. Furthermore, in 1968, the largest eight (Shell, Mobil, Texaco, and Union in addition to the four firms mentioned earlier) held only 41.8% of the total natural gas market.

A report prepared by the Senate Interior Committee points out that there are a variety of indicators supportive of the position that the current shortage of natural gas is not simply the contrivance of producer interests. One such indicator is the increasingly frequent curtailments and shortages even in unregulated intrastate markets. It is worth noting too that local gas distributing companies which have historically been fierce opponents of field price increases and of deregulation, are now largely convinced that there is in fact a shortage and that the shortage is regulation-induced.[18]

A former advisor to Democrat presidential candidate George McGovern, MIT economist Paul MacAvoy, has also argued that even if the concentration in the gas industry were higher than the rest of the manufacturing industry (which it is not), entry into the gas industry is so free that the largest producers would not be able to systematically charge higher than competitive prices. In pointing to the so-called noncompetitive behavior of the natural gas industry, critics of deregulation look to the large field price increases of natural gas in the fifties. However, as MacAvoy has shown:

"During the early fifties the presence of only one pipeline in many gas fields effectively allowed the setting of monopoly buyers' (monopsony) prices for new gas contracts, thus often depressing the field price below the competitive level. During the next few years, several pipelines sought new reserves in old field regions where previously there had been a single buyer. This new entry of buyers raised the field prices to a competitive level from the previously depressed monopsonitic level. In short, competition—not market power—accounted for much of the price spiral that has been claimed to show the need for regulation." [19]

In a statement before the Senate Commerce Committee, Edward Erickson (Associate Professor of Economics at North Carolina State University) and Robert M. Spann (Assistant Professor of Economics at Virginia Polytechnic Institute and State University), after a careful evaluation of the "structural, behavioral, and performance aspects" of the U.S. oil and gas industry (including the field markets for the natural gas companies) concluded that "in the context in which public policy for natural gas field markets is being set . . . the appropriate market definition means that concentration ratios for gas supplies are consistent with a competitive industry. Economists often quarrel with regard to the spatial, temporal and product market definitions which underline concentration ratios. Concentration ratios are also only a partial measure of the effective competition in an industry. We therefore also examine behavioral and performance aspects of the industry.

"The performance analysis involved comparing the return on stockholders' equity for the 8 major petroleum companies to: The average for Moody's 125 industrials, the average for all manufacturing industry, the average for Moody's 24 utilities, and the cost of equity capital for these companies. The conclusion from these comparisons is that the petroleum industry is effectively competitive." [20]

In explaining the reasons for the current gas shortage, Erikson and Spann argued that the shortage is a result of many factors, including a shortage of refining capacity and crude oil imports; an increase in the demand for natural gas; the imposed ceiling on the wellhead price of natural gas by the FPC; and the uncertainties about the future of the regulation of the wellhead price of natural gas. The authors argue forcefully that the most "efficacious" solution to the problem of the national gas shortage is the deregulation of the wellhead price of natural gas and they illustrate convincingly that the gas field markets are "effectively competitive."

The notion that the public would be served by not paying market prices for natural gas is consequently very questionable. An attempt to quantify "gains" has been undertaken by Stephen Breyer and Paul MacAvoy. In their study the authors concluded that wellhead prices were approximately 6 cents per thousand cubic (average) feet below market clearing levels during the 1960's. Thus, if one were to multiply the 11 trillion cubic feet (the average annual production from 1962–68) times 6¢, the conclusion would be that the consumer has saved $660 million annually as the result of regulation. However, as MacAvoy and Breyer point out:

"Such a calculation contains heroic assumptions . . . it assumes that every cent of price reduction . . . was passed through . . . to (the) consumer . . . For another thing, had producers received a higher price, at least some of their additional revenues would have been taxed away and, therefore, indirectly returned to consumers anyway. Nonetheless, even assuming that the entire 6¢ per MCF was returned to consumers who actually received gas, we still doubt that this benefit outweighed the losses arising from regulation, even from the viewpoint of the consumer class itself." [21]

A summation of the consumer losses, as presented in a Senate Interior Committee Staff report is as follows:

Insecurity as to future levels of service;

Denials of additions to current levels of service;

Denials of service to potential jurisdictional consumers;

The imposition of high-cost gas supplements with potential for loss of reliability in service in some instances.

Forced non-economic substitution of other energy sources for natural gas with subsequent detrimental effects on air quality.[22]

Although the home consumer of natural gas (estimated at 22% of all natural gas consumed) has not yet been threatened with reduced supplies of natural gas), Edmund Kitch (from the University of Chicago Law School) has argued that the primary beneficiary of natural gas regulation has, in fact, been the non-jurisdictional industrial consumer. As Kitch argues:

"The West South Central area is composed of the states of Texas, Louisiana, Arkansas, and Oklahoma. In these states natural gas is largely supplied by the intrastate market. This area is the most intensive natural gas consuming area in the Nation . . . consuming 34% of the natural gas produced in the U.S.). . . . Ninety-one percent of the gas consumed in this region is consumed industrially. Put another way, 40 percent of all natural gas which is consumed industrially is consumed in the West South Central area. By holding down the price of natural gas within the region, the federal regulation has effectively acted as a subsidy to this industrial market, and therefore as a subsidy to the industrial growth of the southwest. The only practical way to reduce the industrial use of gas within the southwest is to raise the price of gas in that region. . . . Put another way, the residential gas consumer of the Pacific Coast, upper midwest and the east coast is prevented by federal law from paying 10 to 15 percent more for his gas, thereby making gas in the American southwest 50 percent cheaper than it would otherwise be and subsidizing the movement of industry from the consumer's home region to the southwest." [23]

As to the problem of regulating the wellhead price of natural gas by the FPC, regulating wellhead natural gas prices on the basis of cost has shown itself unworkable during the twenty years the FPC has attempted to do it. The major reason, of course, is that the natural gas industry is not a public utility (with clearly defined costs and assets consisting of replaceable manufactured equipment). It is, instead, a high-cost, high-risk enterprise. The high risk nature of exploring for natural gas is illustrated in a survey by the American Association of Petroleum Geologists which shows that the ratio of dry holes to successful wells has increased steadily over the last two decades. Furthermore, the average number of dry holes per successful wildcast drilling rose by 20% (to 9.44) between 1968 and 1972. The cost of finding natural gas also has a direct relationship to the amount of gas found. It is consequently of equal importance to recognize that the decline in the success ratio has also been accompanied by a decline in the volume of natural gas found. Statistics by the American Association of Petroleum Geologists reveal that the proportion of "significant" gas fields (i.e., a field with more than six billion cubic feet of recoverable reserves) was 24.3% between 1962 and 1966, as compared with 47.9% between 1945 and 1949. Unless major changes are undertaken in the regulatory area the downward trend in drilling productivity is expected to continue.[24]

One technique used by the FPC to stimulate the exploration for new gas supplies was developed in that agency's decision in the *Permian Area Rate Cases*. This policy established a two-tiered price system for old (flowing) gas and new gas (contracted after certain date). But this procedure resulted in a number of problems, such as the one referenced in the following observation by M. A. Adelman:

"The payment of lower prices for so-called old gas discourages the more intensive development of old pools and the search for new pools in old fields. It makes no economic sense to leave these unexploited if we are willing to pay a higher price for gas, as evidenced by the higher prices for the so-called new gas. It is also senseless and unproductive to have some purchasers get a windfall in the shape of the cheaper, old gas as against those who must pay higher prices for the new gas. Windfalls to the owners of unusually good reservoirs do serve an economic purpose—to encourage fresh investment in new pools." [25]

In the *Permian Area Rate Cases* it has been argued by critics of deregulation that the natural gas producers received a rate of return equalling 15%. Such a rate of return, these critics contend, is more than reasonable and should be incentive enough to explore for new natural gas supplies.[26] But any attempt to isolate the rate of return for specific projects has to be arbitrary. In his analysis, "Structure of the Natural Gas Producing Industry," Clarke Hawkins has charged that efforts to determine producer price ceilings for natural gas on the part of the FPC are "nothing short of ludicrous." [27]

In discussing the problem of allocating the (joint) costs of gas, a Senate Interior Committee draft staff report pointed to the problem:

At best, FPC costing techniques produce only approximate results, with a tendency to err on the low side in fixed ceiling rates. Producers make decisions based on projected overall costs of a specific project and the return that project is likely to yield. They do not keep separate books on oil costs, gas costs or gaseous liquids costs. Yet, in fixing price ceilings, the Commission has always started with what is supposed to be the cost of producing gas.[28]

Similarly, Stephen Breyer and Paul MacAvoy have argued:

"Money spent by petroleum companies on exploration leads to the discovery of some gas wells, some oil wells that produce gas, too, some pure oil wells, and many dry holes. Expenditures on separate development of gas fields often yield gas together with petroleum liquids, and expenditures on gas refining produce both "dry" gas and saleable liquids. Expenditures such as these which yield two products but which are necessary to produce either one, complicate a regulatory process based on costs because there is no logical way to decide whether, or to what extent, a specific dollar outlay should be considered part of the 'cost of gas production' or part of the 'cost of liquid production.'" [29]

Recognizing the problems in allocating the joint costs of gas, the Supreme Court stated:

"Economists have described these difficulties with repetitive pungency. 'To make laborious computations purporting to divide (such) costs is "nonsense on stilts," and has no more meaning than the famous example of predicting the banana crop by its correlation with expenditures on the Royal Navy." [30]

The rate of return on investments in the natural gas industry is an important consideration when it comes to the question of "windfall" profits. As the Natural Gas Supply Committee has pointed out:

Windfalls must . . . be clearly distinguished from anticipated variations in the outcomes of business ventures. Virtually all investment decisions involve, either explicity or implicitly, an estimate of a range of possible outcomes, from losses (failure to recoup the investment) to large profits (profits very substantially realized above those on the average). This variation in possible outcomes is the principal measure of the risk of the venture. The fact that one out of ten ventures by a company results in extraordinary profits does not mean that the company has realized a windfall profit. On the contrary, if such extraordinary profits were not occasionally realized, then the average income of investments would be lower, and the company's volume of investment over time, by the same token would also be lower.[31]

Two major questions now remain to be answered: 1) Will the deregulation of the wellhead price of natural gas increase the supply of natural gas? and 2) What impact will deregulation have on consumer budgets?

In an effort to promote the exploration of natural gas the FPC has allowed greater price increases in recent years. Actions undertaken by the FPC have included allowing an increase in the area rates of natural gas, exempting "small" producers from direct rate regulations, advance payments to pro-

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ducers in return for commitments to the interstate market, short-term emergency purchases at prices above established area rates, as well as a recent "optional pricing procedure," which allows for a more flexible pricing based on market factors and economic conditions. These procedures, however, have served only to further disrupt the market as a result of price uncertainty, and because of this, FPC's pricing techniques have been challenged in a number of pending court suits.[32] Thus, between 1960 and 1970 there was a decline of 37% (from 5,140 to 3,222) in the number of gas wells drilled. Natural gas producers' expectations of higher prices did produce an increase in exploratory wells in 1972 (ending a 10 year downward trend), but exploratory drilling still remains below 1960 levels, when demand was only half of what it is today. But, if Federal regulation has not been able to stimulate the exploration for and development of natural gas, would deregulated natural gas prices provide the necessary incentive to encourage the production of new gas supplies for the market place and provide for a better allocation of natural gas?

A Department of the Interior study recently highlighted the problem of determining price elasticity (i.e., a product's responsiveness to price) for natural gas as follows:

Regrettably . . . it is not possible to assign definitive values to the elasticities which determine how the market will respond to regulation . . . The difficulty arises from problems in identifying the relevant functions, autocorrelations model specification, degree of freedom constraints, questionable statistical procedures, and availability of relevant data. . . .[33]

Nevertheless, various econometric studies which have recently been undertaken have shown that the exploration for and development of natural gas would be responsive to price increases. After an analysis of the econometric research pertaining to natural gas, the study published by the Department of the Interior concluded that it is reasonable to assume that the long run supply and demand price elasticity of natural gas values falls in the range of 0.1 to 1.0. The medium for both supply and demand elasticity was placed at 0.5.[34] Similarly, Paul MacAvoy has determined that the elasticity of the reserve supply of gas with respect to new gas is 0.51. Operating under the assumption that elasticity is 0.51, a 10% increase in price would then mean a 5.1% increase in the reserve supply of natural gas.[35]

A free market for natural gas would have other benefits. As the report by the Department of the Interior points out:

While the extent of alterations in use patterns cannot be estimated using currently available techniques, a few generalizations may be made: (1) deregulation will cause some shift from the instrastate market to the interstate market; (2) this shift, together with the rise in prices, will cause a larger fraction of gas to be consumed by the household (and perhaps commercial) sector, and a smaller fraction by the industrial and utility users; (3) as a result, some industrial and utility users will switch to alternative fuels—notably coal and oil.[36]

When Congress passed the Natural Gas Act, its intention was "that natural gas (should) be sold in interstate commerce for resale for ultimate public consumption for domestic, commercial, industrial or any other use at the lowest reasonable rate consistent with the maintenance of adequate service."[37] The history of the last twenty years has shown, however, that Federal regulation, by holding the wellhead price of natural gas below market—clearing levels, has not benefited the consumer. To the contrary, it has encouraged an excess demand, shortages of supply, and poor allocation in the market place.

A recent study by Foster Associates, Inc. has illustrated that while the deregulation of the wellhead price of natural gas would provide the incentive for the American gas producing industry to explore for and develop new and adequate gas supplies, the impact on the budget of the U.S. consumer would be marginal when compared to the alternatives presented by continued regulations.

Operating under various price assumptions, including market prices of 45c, 55c, 65c and 75c per thousand cubic feet for natural gas, as well as the complete deregulation, phased deregulation, and deregulation of terminating contracts, the impact on a household's annual bill would range from 4.2% to 7.6%. Since the price to the consumer depends not only upon the wellhead price but such other factors as transportation, distribution, and marketing, and since local utilities are regulated on a cost-of-service basis, it is estimated, for example, that an increase of 150% in the wellhead price would result in an increase of only approximately 23% in price for the consumer budget.

Putting possible price increases in perspective, the median family income for 1972 (according to the U.S. Bureau of Census) was $11,116. After such things as personal income taxes, social security payments and savings, consumption expenditures for the "typical" family are placed at approximately $9,000. This same moderate income family spends $221 for alcoholic beverages, $189 for tobacco products, and $117 for toiletries on an annual basis. In contrast, the average annual gas bill for all residential consumers (average expenditures per residential consumer according to Foster Associates, varied from $90.57 in the West South Central Area to $205.83 for New England) was $155.73 in 1972. Put another way, whereas expenditures for natural gas service represents 1.7% of the $9,000 budget for the median-income family, tobacco accounts for 2.9%, alcoholic beverages for 2.5%, and household supplies 1.33% of the same budget. To offer yet another illustration, a 150% increase in the wellhead price (i.e., a 23% increase for the consumer) would mean an additional cost of $6.99 to a monthly bill of $30. In contrast, if the regulation of wellhead prices is continued, and prices are kept at or near their present levels, the consumer will, paradoxically, end up paying higher prices than would come with deregulation. The reason for this is that supplies will dwindle, or at best remain static at such a price level. Consequently, much more expensive liquid natural gas (LNG) would have to be imported from foreign countries.

The U.S. currently imports only 4.5% of its natural gas, and most of this comes from friendly nations. However, the prospect of increased imports in new forms and from new sources (particularly the Soviet Union and Algeria) poses problems of availability, cost, balance of payments, and security of supply (both in terms of economic and military security). As Walter Levy, an international oil authority and consultant has argued:

"The West cannot rely on the importance of uninterrupted oil operations and oil revenues to Middle East governments as a deterrent to hostile actions. Economic considerations, important as they are to the relatively impoverished countries of the area, become insignificant when confronted with political necessities or political pretentions."[39]

Considering the potential foreign sources for our natural gas importation, Levy's concern would also be applicable in the case of natural gas importation.

Further limitations, according to the Department of the Interior, arise out of the physical requirements of natural gas; this would include substantial capital and start-up-time for pipelines, liquification facilities, tankers, and regasification facilities. The gas that will be available through importation will also cost much more than Americans are accustomed to paying, and it will be far above projected equilibrium prices for additional conventional domestic gas. The Department of the Interior, for example, estimates that imported LNG will cost $1.04 to $1.09 MCF, as compared with $0.61 to $0.96 for deregulated natural gas at the city gate.[40]

During testimony before the Senate Commerce Committee, Senator Buckley elaborated upon the cost estimates for LNG stating that:

"The cost of delivering Algerian LNG to the East Coast has been estimated at from 84¢ to 91¢ MCF. The estimated cost to produce and deliver a thousand cubic feet of gas under the proposals now being explored with the U.S.S.R. range from $1.25 to $1.50, or two and a half to three times the delivered price of domestic gas at New York City."[41]

The city of Boston, in its efforts to meet peak demands, has also been importing LNG overland from Montreal at prices of about $1.13 to $1.58 per MCF; this compares to domestic gas prices of 69¢ delivered to Boston. In short, the American public would end up with the worst of all possible situations if the wellhead regulation is continued and prices are kept at their artificially low levels. Domestic supplies would dwindle, prices would spiral, and the United States would be dependent upon unreliable foreign sources. These foreign sources would then also be in a position to exert political pressure on the U.S., as the Middle East oil producers are already attempting to do.

III. POLICY OPTIONS

Various policy options which have been considered by Congress and the Nixon Administration to meet the current shortage of natural gas include the deregulation of all natural gas, constrained deregulation, progressive pricing policies by the FPC, utility cost-of-service regulation nationwide, and alternative sources of supply. Because of the interdependency of our energy resources, the long-term solution to our energy problem lies in the development of future technology which will both increase our capabilities to explore and develop our resources and contribute to the development of substitute energy resources. However, there also seems to be a general agreement that in terms of our present natural gas problems, the status quo is the least desirable alternative.

Two of the major policy options currently being considered by the United States Congress, as mentioned earlier, are the Stevenson Bill (S. 2506) and the Nixon Administration Bill (S. 2048). These two measures are illustrative of the differences of opinion that exist in meeting the current natural gas problem.

Stevenson's bill proposes the establishment by rulemaking of a national area rate for the pricing of natural gas, subject to congressional review and based upon actual costs of production with a "reasonable rate of return." It further provides that once contracts for the sale of gas have been approved by the FPC, the Commission no longer has the discretion to change the contract price as is possible under current law.

Under this legislative proposal all small producers are exempt from regulation and instead, Senator Stevenson argues, it concentrates on the "30 largest producers powerful enough to exert an anticompetitive force in the market place." The bill also extends the jurisdiction of the FPC to regulate natural gas prices to the "large gas producers" in the intrastate market. Until now, of course, the FPC has had no control over the intrastate market.

Stevenson's "Oil and Gas Regulatory Reform Act of 1973" also directs the FPC to

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conduct its own review of natural gas reserves. In addition, it provides the FPC with the power to allocate natural gas supplies, during shortage, among all customers and regions. It further gives the FPC the power to compel petroleum pipeline operators to provide service and storage facilities to independent producers and refiners who "meet minimum reasonable requirements." (Noncompliance by a pipeline owner would subject him to treble damage suits.) Under this legislation the responsibility for the regulation of petroleum pipelines would be transferred from the Interstate Commerce Commission to the FPC.

Senator Stevenson says that his legislation has become necessary because the Nation's "energy industries are stifling competition at the expense of the consumers." In support of his position Stevenson cites the July 17, 1973 complaint by the Federal Trade Commission against the Nation's eight largest petroleum companies, charging them with anticompetitive and monopolistic practices. He also points to the fact that fourteen states have either filed suit, or are in the process of bringing antitrust actions against the major oil and gas companies. Thus, concludes Stevenson, Americans are justified in asking if they can afford to turn sole responsibility for (the) price and supply of natural gas over to the very same companies which have already used the gasoline shortage they helped create to drive their competition out of business.[42]

Stevenson has also introduced an amendment (No. 643) to his bill proposing the creation of a Federal oil and gas corporation. This proposed corporation would explore for, develop, and produce oil and gas on lands owned by the Federal government.[43]

According to the former Special Consultant for Energy Matters to the President, Charles DiBona, the Administration's natural gas legislative proposal, in contrast to the Stevenson bill, is based on the following assumptions:

The current natural gas shortage is real and not contrived; There are adequate domestic resources of natural gas which would be developed by private enterprise under a proper economic climate; An increased price for natural gas will encourage increased supplies and discourage demand; and Government regulation of the natural gas industry will be no better or worse than it has been since it began and could be counterproductive.[44]

Consequently, the Administration's "Natural Gas Supply Act" would exempt from FPC regulation prices paid for gas, (a) newly dedicated to interstate commerce, (b) rededicated to interstate commerce after expiration of an existing contract, and (c) produced from new wells; give the FPC jurisdiction over rates for direct industrial sales of interstate pipelines; give the Secretary of the Interior the authority to impose price ceilings on new gas for three years after the enactment of the bill; and eliminate FPC authority over natural gas imports and exports.

The 1973 Natural Gas Act, according to the Administration, represents an effort to stimulate the development of natural gas exploration by exempting the FPC from the regulation of interstate natural gas which is dedicated to interstate commerce for the first time, or rededicated after April 15, 1973, upon expiration of the existing contract. As a result, natural gas prices are expected to reach a competitive market level and consumers are protected from the possibility of unfair high prices.[45] The Administration's proposal is being offered in the form of an amendment to the 1938 Natural Gas Act and the amendment would reverse the Supreme Court's decision in the 1954 case of *Phillips Petroleum v. Wisconsin*.

According to Public Utilities Fortnightly ("Washington and the Utilities," November 22, 1973, pp. 36–38), most of the members of the Senate Commerce Committee are "behind" the Stevenson measure.[46] Thus, it would seem that our national legislators have still failed to recognize, as Senator Buckley argued in his testimony before the Senate Commerce Committee, that:

"We have paid a very high price for our overzealous attempt to protect the consumer against the operations of the market place. I hope we will learn from this experience the ancient lesson that one sure way to create a shortage in a given commodity is to try to hold its price below the level which justifies its production. There are certain economic laws which even the U.S. Congress cannot legislate out of existence." [47]

In its critique of the Stevenson bill the Gas Supply Committee argued that although the stated purpose of Stevenson's legislation was "to secure adequate and reliable supplies of natural gas and oil at the lowest reasonable cost to the consumer . . . ," the experience under FPC regulation would indicate that this is not possible:

"Rather it (the Stevenson Bill) would, if enacted, serve as a blueprint for a continued natural gas shortage. This is because the Bill—despite the stated purpose—focuses entirely on price regulation while ignoring steps needed to provide increased supplies.

"Perhaps the reason the Bill is so unresponsive to the needs of natural gas consumers for increased supplies is that it is founded on two erroneous premises (1) that there is not effective competition in the gas producing industry and (2) that the FPC can regulate wellhead natural gas prices on the basis of costs." [48]

One aspect of Stevenson's bill that has also come under increasing criticism is Amendment No. 643, the proposal for a Federal oil and gas corporation. *Public Utilities Fortnightly* stated that Stevenson's proposal was the outgrowth of an idea proposed by former FPC Chairman Lee White, currently the head of the Consumer Federation of America's Energy Policy Task Force.[49] The idea was essentially a proposal to establish a Federal oil and gas corporation, patterned after the Tennessee Valley Authority, to explore for oil and natural gas on Federal lands, which it has been argued, would then serve as a means to measure the performance of private industry as well as supply the Nation with additional gas supplies. In writing about the news conference introducing this amendment, Public Utilities Fortnightly commented:

"The sponsors (of the amendment) assured a news conference the federally owned corporation they propose would not be a forerunner for nationalizing the natural gas and petroleum industries, but nevertheless used expressions such as "yardstick" which four decades ago characterized the launching of TVA." [50]

In considering the proposal for a Federal oil and gas corporation in testimony before the Senate Commerce Committee, Professors Erickson and Spann offered the following observations:

"It has been suggested that one part of the solution to the natural gas portion of the energy crisis should be the formation of a national energy company to explore for, develop and produce new natural gas reserves. There is one example of such a venture in another area. This is TVA. The total assets of TVA are about $4,000,000,000. The total assets of Amerda-Hess are $1,378,000,000. Thus, if we were to create a national energy company dedicated to oil and gas production, it would only be about 3 times as large as Amerda-Hess. Even if all the resources of such a venture were committed to oil and gas production and exploration, the contribution of such a venture to the long-run oil and gas supply problem would be marginal. Moreover, we could not create such a national energy company overnight. The natural gas supply problem is here and now. The most promising solution to the natural gas crisis is to allow prices in the field markets for new natural gas supplies to rise to their market clearing level." [51]

A study by the Department of the Interior also questioned the merits of a Federal oil and gas corporation:

A public corporation would put the Government in direct competition with a reasonably healthy private industry, contrary to the healthy private industry, contrary to the principles of the free enterprise system; it could destroy the public benefits of private competition within the petroleum industry and related energy production and marketing industries, and introduce the manifold problems and inequities of centralized economic planning.

Whether such a corporation would provide more supplies at less cost, or less supplies at greater cost, than deregulation of natural gas prices depends on one's perceptions of the relative economies of private and public enterprises.[52]

Within the context of this discussion it should be noted that the Senate Commerce Committee also has a working draft proposal for legislation entitled the "Consumer Energy Act of 1974." This legislation is said to have the support of more than twenty Senators and it includes such questionable and broadsweeping measures as bringing the wellhead prices of crude oil and natural gas under the jurisdiction of the FPC. The working draft proposal would also create a Federal Oil and Gas Corporation to explore for and develop fuel resources on Federal lands. This legislation (in the form of the Hart Amendment) even proposes the creation of refineries to compete with private industry. But, given the fact that our current natural gas shortages are the result of misplaced Federal regulation and not inadequate resources, the answer to the current problem is clearly less government control, not more.

CONCLUSION

The debate over whether or not to deregulate the wellhead price of natural gas has often been presented as a conflict of interests between the American "consumer" and the Nation's oil and gas industry. This is unfortunate because it has only served to cloud the issue with emotionalism. The attention of the American public and Congress has consequently been diverted from very substantive policy issues.

Congress' inability to respond to the country's energy problems is not the result of inadequate attention. During the 92nd Congress, for example, almost 350 bills and 30 resolutions (covering the entire spectrum of fuels and energy policy issues) were introduced. Yet to date the six Senate, six House, and two joint Committees which conducted a variety of investigations into energy-related problems during the same period, have been able to produce nothing but short-run programs of fuel allocation and energy conservation. In the meantime, new customers for natural gas are being turned away (in 1972, twenty-one states were unable to accept new natural gas customers) and natural gas deliveries are being curtailed for existing customers.

According to Fred Singer, a professor of Environmental Sciences at the University of Virginia:

"The most serious consequence of strict regulation of wellhead prices is the fact that the exploration and production of gas has become a marginal enterprise."

Singer consequently argues that a more realistic price for natural gas would:

Stimulate exploration and production of new gas.

Direct existing gas into use for which it is most uniquely fitted (e.g., home heating).

Shift more gas to interstate use.

Footnotes at end of article.

Encourage utilities to use less gas and release it to the small user.[53]

The recognition that the American public will be best served by ending government regulation of natural gas has also been argued by the *Washington Post*. In an editorial the paper stated:

"There is a tendency in our part of the country to assume that whatever is good for the oil and gas lobby must be disastrously bad for the rest of us. Deregulation of natural gas is an exception to this rule. It will mean **more money for the gas industry but, much more important, it will mean adequate and reliable supplies for consumers.**"[54]

The efforts on the part of the FPC to hold down the price of natural gas for the industrial consumer were, as this paper has revealed, marginal at best. But, as a result of Federal regulation, a totally unnecessary natural gas shortage has occurred. The emotional arguments of those who oppose deregulation have been systematically discredited and shown to have been either factually incorrect or lacking in logical inference. This has led Paul MacAvoy and Stephen Breyer to conclude that:

"The arguments against the present system of gas field market regulation are compelling. Price control is not needed to check monopoly power, and efforts to control rents require impossible calculations of producer costs and lead to arbitrary allocation of cheap gas supplies. In practice, regulation has led to a virtually inevitable gas shortage. It has brought about a variety of economically wasteful results, and it has ended up by hurting those whom it was designed to benefit. Thus, less, not more, regulation is required."[55]

But the argument over whether or not to curtail or expand the FPC jurisdiction over the natural gas industry has taken on new proportions with Senator Stevenson's proposal for a Federal oil and gas corporation, as well as the earlier mentioned Consumer Energy Act of 1974. The question has now become how far will we allow the Federal government to go in tampering with the free enterprise system. If the argument could convincingly be made that an industry in monopoly collusion was working to the detriment of the American public, government intervention might be defended. If it could be argued that a free-market could not meet the needs of the American consumer, government control might be justified. But no such substantive arguments are forthcoming.

A constructive role on the part of the Federal government lies in the formulation of energy policies which will provide private industry with the incentive to explore for and develop the Nation's energy resources. The government can also play a major role in defining the balance between environmental considerations and economic needs. A comprehensive program for energy research and technological development should also be undertaken by the Federal government. In the interim period it may well be necessary to emphasize the efficient usage and allocation of all available energy resources. However, the proposals now being considered by the United States Congress which would give the Federal government the direct responsibility for the exploration and development of crude oil and natural gas, as well as the responsibility for refining crude oil must receive the American public's most critical scrutiny. For this presents a very serious challenge to the basic nature of our economic and political system.

FOOTNOTES

[1] Alan Greenspan, "The Challenge to Our System." American Enterprise Institute, *Reprint No. 13*, April 1973, p. 1.

[2] *Ibid.*, pp. 1–2.

[3] For a discussion on this subject see: *Republican Research Committee, Task Force on Energy and Resources*. "Committees of the 93rd Congress, Hearings on the Energy Crisis." January 14, 1974; (mimeograph).

[4] An overview of the energy legislation considered in the 93rd Congress, as well as a status report, is covered in: *Republican Research Committee, Task Force on Energy and Resources*. "Energy Legislation Status Report." January 16, 1974; (mimeograph).

[5] United States Senate, Committee on Interior and Insular Affairs. *A National Fuels and Energy Policy Study*, Serial No. 93–1 (92–36).

[6] United States Senate, Committee on Interior and Insular Affairs. Press Release, October 3, 1973.

[7] *Ibid.*

[8] Natural Gas Act of 1938, as amended, 15 U.S.C. 717–717W.

[9] *Phillips Petroleum Company* v. *Wisconsin*, 347 U.S. 672 (1954). For a discussion of this decision see: Stephen Breyer and Paul MacAvoy, "The Natural Gas Shortage and the Regulation of Natural Gas Producers." *Harvard Law Review* (Vol. 86–941) 1973; pp. 941–944. (Hereafter referred to as *Harvard Law Review*). See also: American Enterprise Institute, *Natural Gas Deregulation Legislation*, Legislative Analysis No. 13, 93rd Congress. December 28, 1973. (Hereinafter referred to as Legislative Analysis No. 13.)

[10] Message from the President of the United States returning without approval the bill (H.R. 6645) to amend the Natural Gas Act, As Amended. Congress, February 20, 1952. Document No. 342.

[11] Statements of Sen. James L. Buckley before the U.S. Senate Commerce Committee, October 10, 1973, p. 11. Hereafter referred to as "Buckley Testimony."

[12] Patricia Starratt, "We're Running Out of Gas Needlessly," *Reader's Digest*, April 1973, p. 167.

[13] For a discussion see notices issued on September 2, 1971 and September 12, 1972 by the FPC. See also Docket No. R–389A.

[14] For a detailed discussion on this subject see: "Natural Gas," a chapter from *Mineral Facts and Problems*, 1970 edition. Bureau of Mines, Reprint from Bulletin 650; pp. 118–122 and pp. 132–133.

[15] See: *Toward An Adequate Natural Gas Supply* prepared by the Gas Supply Committee. Section III–4. Hereafter referred to as: "Toward An Adequate Natural Gas Supply." A group of geologists and engineers, sponsored by the Mineral Resources Institute of the Colorado School of Mines has even estimated that there is a potential 851 trillion cubic feet of natural gas to be discovered. The 851 trillion cubic feet of gas is classified in three categories: probable discoveries, 218 trillion; possible dicoveries, 326 trillion; and speculative discoveries, 307 trillion. See: American Gas Association, A Comprehensive Summary: Gas Supply and the National Energy Situation, 1973; p. 13.

[16] Statement of John Nassikas, Chairman of the Federal Power Commission, before the U.S. Senate Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, July 26, 1973.

[17] *Ibid.*

[18] "Draft Staff Report: Policy Issues and Options Affecting Natural Gas." U.S. Senate Interior Committee, July 10, 1973, p. 8. Hereafter referred to as "Draft Staff Report."

[19] *Harvard Law Review*, p. 947.

[20] Statement of Edward Erickson and Robert M. Spann before the U.S. Senate Commerce Committee, October, 1973; pp. 1–2. Erickson and Spann also systematically counter the position taken by Dr. Wilson of the Federal Power Commission who argued that the natural gas industry is not workably competitive. They discuss the high level of concentration in the industry, the question of joint ventures and interlocking directorates and the degree of vertical integration in the natural gas industry and point to the factual and logical errors in Dr. Wilson's testimony. Hereafter referred to as: "Erickson and Spann Testimony."

[21] *Harvard Law Review*, pp. 980–987.

[22] "Draft Staff Report," p. 58.

[23] Edmund Kitch, "The Shortage of Natural Gas," *University of Chicago Law School Occasional Paper*, pp. 10–11.

[24] "Toward An Adequate Natural Gas Supply." Section III–5.

[25] Statement of M. A. Adelman before the U.S. Senate and Insular Affairs Committee, February 25, 1972. Serial No. 92–22, p. 56.

[26] See *Permian Area Rate Cases*, 24 FPC 1121 (1965)-d; *Permian Area Rate Cases*, 390 U.S. 747 (1968). For a critical review of the *Permian Area Rate Cases* presented by critics of natural gas deregulation see: Brief for Petitioners (American Public Gas Association, American Public Power Association and the Consumer Federation of America), filed in the U.S. Court of Appeals for the District of Columbia, Nos. 72–1837 *et al.*, December 26, 1972 (mimeograph).

[27] Clarke Hawkins, "Structure of the Natural Gas Producing Industry," *Regulation of the Natural Gas Producing Industry*, Resources for the Future, 1972, p. 165.

[28] "Draft Staff Report," p. 29.

[29] *Harvard Law Review*, p. 954.

[30] 390 U.S. at 804, n. 80.

[31] "Toward An Adequate Natural Gas Supply," Section III.

[32] On February 1, 1974, the Federal Power Commission approved a wellhead price of 55¢ per thousand cubic feet for a joint venture that developed gas in the new Big Escambia Creek field in Alabama. This decision has already come under criticism from the Consumers Union and a number of U.S. Senators and, like most of the other pricing procedures announced by the FPC, the ultimate outcome of this decision will probably be determined by the courts. For a discussion on this decision see: Morton Mintz, "Natural Gas Price Move Faces Test," *Washington Post*, February 17, 1974, p. A18.

For a discussion of the FPC's pricing procedures see also "Legislative Analysis No. 13, pp. 16–21.

[33] United States Department of the Interior, *Draft Environmental Impact Statement: Proposed Deregulation of Natural Gas Prices*, July 1973, p. II–25. This study offers an excellent review of the history of natural gas, regulation, including legislative, judicial, and administrative developments. The study also discusses the alternatives presented in various policy options, including theoretical considerations, reserve estimates, and future projections. It also offers an excellent reading list and the study should be considered the singular most valuable source for someone who wishes to be familiar with the subject of this policy paper. (Hereafter referred to as "Interior Department Draft.")

[34] *Ibid.*, II21–36.

[35] *Harvard Law Review*, p. 973. MacAvoy has since updated this study. See: Paul MacAvoy and Robert S. Pindyck, "Alternative regulatory policies for dealing with the natural gas shortage." *The Bell Journal of Economics and Management Science*, Vol. 4, No. 2, Autumn 1973.

[36] "Interior Department Draft," p. II–61.

[37] For an interesting discussion on this point see: "Draft Staff Report," p. 27, with particular attention to footnote 22.

[38] See Foster Associates, Inc., *The Impact of Deregulation on Natural Gas Prices*, August 1973, pp. 14–19.

[39] "Interior Department Draft," p. VIII–44.

[40] *Ibid*, VIII–37–57.

[41] "Buckley Testimony," p. 5.

[42] See the *Congressional Record*, vol. 119, pt. 25, p. 32162.

[43] See the *Congressional Record*, vol. 119, pt. 28, p. 36115.

[44] Charles DiBona, "Administration Policies Affecting the Natural Gas Industry." *Public Utilities Fortnightly*, September 13, 1973; pp. 81–82.

[45] See, for example, the President's "Energy Message" of September 10, 1973.

[48] See: "Washington and the Utilities," *Public Utilities Fortnightly*, November 22, 1973: pp. 36–38; hereafter referred to as: "Washington and the Utilities."

[47] "Buckley Testimony," p. 7.

[48] Natural Gas Supply Committee. "Analysis and Critique of S. 2506." (mimeograph), pp. 1–2.

[49] "Washington and the Utilities," pp. 36–38.

[50] *Ibid*, p. 37.

[51] "Erickson and Spann Testimony." See paragraph 52.

[52] "Interior Department Draft," p. VIII–24.

[53] Fred Singer, "A Way to Ease the U. S. Energy Crisis," *Christian Science Monitor*, June 22, 1973, p. 6.

[54] "Your Gas Bill and the Shortage," *Washington Post* (Editorial). December 23, 1972, p. A18.

[55] *Harvard Law Review*, pp. 986–987.

ADJOURNMENT UNTIL MONDAY, AUGUST 12, 1974

Mr. CHILES. Mr. President, I move that the Senate stand in adjournment until 12 o'clock noon Monday next.

The motion was agreed to; and, at 11:39 a.m. the Senate adjourned until Monday, August 12, 1974, at 12 o'clock noon.

EXTENSIONS OF REMARKS

ABA HOLDS INFLATION SYMPOSIUM

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, the American Bankers Association recently sponsored an informative and incisive symposium on ways to control this country's No. 1 problem, inflation.

Participating in the conference were some of this country's most distinguished bankers, labor leaders, business leaders, economists, elected officials, and civil servants. I was particularly pleased that two of Pittsburgh's outstanding citizens, Mr. I. W. Abel, president of the United Steelworkers of America, and Mr. Edwin H. Yeo III, vice chairman of the Pittsburgh National Bank, were invited to contribute their expertise to the discussion.

I would like to take this opportunity to personally commend the efforts of the American Bankers Association in sponsoring its symposium on inflation. We are now at a point in our Nation's economic history that we must all work together to purge inflation from our Nation. Efforts such as the ABA conference, which bring together representatives of the diverse interests in our society, are certainly a strong first step toward a useful and united program of action.

I include in the RECORD at this time an article from the Pittsburgh Press on the symposium:

SHORT-TERM "CURES" FOR FISCAL WOES HIT

WASHINGTON, D.C.—The former president of President Nixon's Council of Economic Advisers has said short-term economic fluctuations play too large a role in determining economic policy.

In prepared remarks to be delivered today before the American Bankers Association Symposium on Inflation here, Paul W. McCracken cited evidence that the effects of a change in the money supply, for example, may not show up in the economy for six months or more.

"If there are these long lags, responding with a change in policy to short-term wobbles in the economy is a fertile source of trouble," McCracken said.

The economist called the federal budget "out of control" and said billions of dollars of mandated expenses prevent the massive budget manipulations which could be used to control the economy.

McCracken also urged a major study of the holders of massive economic power, including a look into "the role of union monopoly power on labor markets."

This remark prompted a rebuttal from another symposium participant, I. W. Abel, president of the United Steel Workers of America (USW), who said that workers "have been the victims of inflation, not the cause nor the beneficiaries."

Also in prepared remarks, Abel complained about a concentration of power by businesses so that "500 industrial giants now account for 65 per cent of the sales of all U.S. industrial corporations and a whopping 79 per cent of the profits."

Abel was most critical of policy that tolerates rising unemployment in inflationary times, calling it "the attitude that the worker and his famly are expendable in the fight to halt inflation."

Both Abel and McCracken expressed support for some program which would aid persons whose income is interrupted.

HEALTH INSURANCE

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. ARCHER. Mr. Speaker, the debate over national health insurance has raised some very serious concerns with many Americans regarding Federal Government control over our private medical care system. Other concerns focus on increasing costs and the decline of the effectiveness of a medical system under Government control. The British system is a good example of what happens when government moves into the private medical care field. The United States must avoid these problems. I would like to enter into the CONGRESSIONAL RECORD an editorial from the Daily Telegraph of London, England, July 3, 1974, entitled "Stricken Health Service." I call it to the attention of my colleagues.

STRICKEN HEALTH SERVICE

If virtually any other national institution were on the brink of collapse, the television documentaries and magazine articles chronicling the coming disaster would resound with cries for nothing less than the most fundamental reform. Just over a quarter-of-a-century after being launched on a tide of ANEURIN BEVAN's idealism mixed with class-hating rhetoric the National Health Service is in just such a crisis. Yet very few politicians and publicists are clamouring for radical reform. They are clamouring, of course—that being their vocation. But the demand, generally, is simply for more taxpayers' cash to be pumped into the patient. That would no doubt be welcome; the nurses would get a decent salary; ill-equipped and dreary hospitals in the inner cities would be made more tolerable. But of one thing we may be sure: within a short time there would be another crisis and another demand for more money.

The reason? The service's total dependence on central Government funds. There are so many claims on this source that an individual institution dependent on it cannot hope to have its needs satisfied. Yet for all Labour politicians, most Liberals, too many Tories and most writers on public affairs, the proper way to finance and dispense a service such as health care is collectively—through the State. If the service goes wrong or is deficient it is because the State has not done enough. To say otherwise is considered "selfish" and "socially divisive." Thus, in influential circles, the NHS is exempt from the endles calls for sweeping change in this or that activity. Participants in today's British Medical Association conference on the NHS crisis who advocated changes in financing will, therefore, face a labyrinth of vested interests, politics and emotion.

Yet much more private, non-Excheques money must be channelled into health care if these recurring crises are to be brought to an end. That is why those nurses who, in the furtherance of their pay claim, of for other and perhaps baser reasons, are boycotting private wards are so misguided. The person paying for medical treatment through private insurance is not seizing a privilege to which he has no right. He is abstaining from other consumption, and setting aside part of his income, because he places especial value on the modest comforts which private wards provide.

Private patients then must be encouraged not victimized. Ideally, most medical care would be private. Pending that millennium, however, the average citizen must cease to regard treatment as "free." Should he not pay for a porportion of it—in varying amounts, depending on how much he earns? Could he not insure himself for the purpose, thus according to his body the same status he does to his car or his house? We are often told that the NHS is the envy of the world. Why, then, has the world not adopted it? Britain is the only industrial democracy where State hospital treatment is wholly paid for by the Exchequer. At under five per cent of our gross national product, we spend less on medical care than any of the others. That is the reality of socialised medicine.

VETERANS' BENEFITS

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. WHITEHURST. Mr. Speaker, I recently had the privilege of testifying to the House Committee on Veterans' Affairs regarding veterans' benefits. Inflation and existing law are reducing the compensation these citizens are receiving. Thousands of veterans have seen