H.J. Res. 1110. Joint resolution transferring to the State of Alaska certain archives and records in the custody of the National Archives of the United States; to the Committee on Post Office and Civil Service.

By Mr. HANRAHAN (for himself, Mr. ADDABBO, Mr. ARCHER, Mr. BAFALIS, Mr. BIAGGI, Mr. BOLAND, Ms. BURKE of California, Mr. CAREY of New York, Mr. COUGHLIN, Mr. DELANEY, Mr. DELLENBACK, Mr. DERWINSKI, Mr. EDWARDS of California, Mr. EILBERG, Mr. FISH, Mr. FRELINGHUYSEN, Mr. FRENZEL, Mr. GROVER, Mr. GUDE, Mr. GUYER, Mr. HAYS, Mr. HUNT, Mr. ICHORD, Mr. KEMP, and Mr. KING):

H. Con. Res. 599. Concurrent resolution expressing the sense of the Congress with respect to the imprisonment in the Soviet Union of a Lithuanian seaman, who is a U.S. citizen, and who unsuccessfully sought asylum aboard a U.S. Coast Guard ship; to the Committee on Foreign Affairs.

By Mr. HANRAHAN (for himself, Mr. KOCH, Mr. LAGOMARSINO, Mr. MAYNE, Mr. MURTHA, Mr. NIX, Mr. RODINO, Mr. ROE, Mr. SANDMAN, Mr. SARASIN, Mr. SARBANES, Ms. SCHROEDER, Mr. TREEN, Mr. WALSH, and Mr. YATES):

H. Con. Res. 600. Concurrent resolution expressing the sense of the Congress with respect to the imprisonment in the Soviet Union of a Lithuanian seaman, who is a U.S. citizen, and who unsuccessfully sought asylum aboard a U.S. Coast Guard ship; to the Committee on Foreign Affairs.

By Mr. FASCELL (for himself, Mr. MORGAN, Mr. FRELINGHUYSEN, Mr. BUCHANAN, Mr. ZABLOCKI, Mr. CHARLES WILSON of Texas, Mr. RIEGLE, Mr. YATRON, Mr. BINGHAM, Mr. WOLFF, Mr. DU PONT, Mr. WINN, Mr. BURKE of Florida, Mr. BIESTER, Mr. WHALEN, Mr. GILMAN, Mr. GUYER, Mr. LAGOMARSINO, and Mr. NIX):

H. Res. 1310. Resolution relating to the continuity of U.S. foreign policy; to the Committee on Foreign Affairs.

By Mr. KETCHUM (for himself, Mr. STEELE, and Mr. COUGHLIN):

H. Res. 1314. Resolution expressing the sense of the House regarding the reclassification of servicemen listed as missing in action in Southeast Asia to presumptive finding of death status; to the Committee on Armed Services.

By Mr. LITTON:

H. Res. 1315. Resolution expressing the sense of the House of Representatives concerning the need for immediate and substantial public investments in agriculture research and technology for the express purpose of increasing food production; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. BRADEMAS introduced a bill (H.R. 16418), for the relief of Mrs. Mary Saxton (Mary Nuku); to the Committee on the Judiciary.

By Mr. ROUSSELOT:

H. Res. 1316. A resolution commending Philip M. Knox, Jr., for his services to the annual congressional baseball event; 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:

471. By the SPEAKER: Petition of the Tulsa Chapter, Order of AHEPA, Tulsa, Okla., relative to Cyprus; to the Committee on Foreign Affairs.

472. Also, petition of the city council, Trenton, Mich., relative to campaign finance reform; to the Committee on House Administration.

HOUSE OF REPRESENTATIVES—*Wednesday, August 14, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Behold the fear of the Lord, that is wisdom; and to depart from evil is understanding.—Job 28: 28.

Eternal God, who givest to us the gift of life and who dost keep alive within us the desire to live, we pray for the guidance of Thy spirit, the wisdom of Thy mind, and the love of Thy heart as we live through these demanding days. Keep us diligent in our work, just and upright in our dealings, filled with courage, full of compassion, and fruitful in all good deeds.

Look with loving mercy upon our Nation. Guide our people into a better understanding of Thy will, into a higher spirit of unity, and into a deeper concern for others; that with one mind and heart we may serve Thee and our country without fear or favor and with faith and fortitude.

Thus may our Nation and all nations dwell together in peace; to the glory of Thy holy name and the good of all Thy children. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2957) entitled "An act relating to the activities of the Overseas Private Investment Corporation."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3066) entitled "An act to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes."

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

H.R. 6191. An act to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty;

H.R. 7780. An act to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk;

H.R. 11251. An act to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as fuel;

H.R. 11830. An act to suspend the duty on synthetic rutile until the close of June 30, 1977;

H.R. 12035. An act to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts;

H.R. 13631. An act to suspend for a temporary period the import duty on certain horses; and

H.R. 13871. An act to amend chapter 81 of subpart G of title 5, United States Code, relating to compensation for work injuries, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 6191) entitled "An act to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. TALMADGE, Mr. HARTKE, Mr. BENNETT, and Mr. CURTIS to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7780) entitled "An act to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. TALMADGE, Mr. HARTKE, Mr. BENNETT, and Mr. CURTIS to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 11251) entitled "An act to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as fuel," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. TALMADGE, Mr. HARTKE, Mr. BENNETT, and Mr. CURTIS to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 11830) entitled "An act to suspend the duty on synthetic rutile until the close of June 30, 1977," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. TALMADGE, Mr. HARTKE, Mr. BENNETT, and Mr. CURTIS to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 12035) entitled "An act to suspend until the close of June 30, 1975,

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

the duty on certain carboxymethyl cellulose salts," disagreed to by the House; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. TALMADGE, Mr. HARTKE, Mr. BENNETT, and Mr. CURTIS to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 13631) entitled "An act to suspend for a temporary period the import duty on certain horses," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. TALMADGE, Mr. HARTKE, Mr. BENNETT, and Mr. CURTIS to be the conferees on the part of the Senate.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON THE BUDGET

Mr. TEAGUE. Mr. Speaker, I offer a privileged resolution (H. Res. 1317) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1317

Resolved, That the following-named Members be, and they are hereby, elected members of the standing Committee on the Budget of the House of Representatives: Al Ullman, Oregon, Chairman; Jamie L. Whitten, Mississippi; Richard Bolling, Missouri; Thomas P. O'Neill, Jr., Massachusetts; Martha W. Griffiths, Michigan; Jim Wright, Texas; Thomas L. Ashley, Ohio; Robert N. Giaimo, Connecticut; Neal Smith, Iowa; James Burke, Massachusetts; James G. O'Hara, Michigan; Robert L. Leggett, California; Brock Adams, Washington; Parren J. Mitchell, Maryland.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON THE BUDGET

Mr. ANDERSON of Illinois. Mr. Speaker, I offer a privileged resolution (H. Res. 1318) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1318

Resolved, That the following-named Members be, and are hereby elected members of the House Committee on the Budget: John J. Rhodes, Elford A. Cederberg, Joel T. Broyhill of Virginia, Robert H. Michel, Delbert L. Latta, Herman T. Schneebeli, James T. Broyhill of North Carolina, Del Clawson, and James F. Hastings.

The resolution was agreed to.

A motion to reconsider was laid on the table.

END U.S. MILITARY AND ECONOMIC AID TO TURKEY

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

Mr. KOCH. Mr. Speaker, the AP reports from Cyprus indicate that the Turkish military forces have surrounded Nicosia and are occupying the airport. Other reports this week indicate pillaging of Greek Cypriot towns, raping of Greek Cypriot women, and the killing of Greek Cypriot civilians by the Turkish invading forces.

I believe it is incumbent upon the United States to end its military and economic aid of the Turkish Government, which refuses to enter into peaceful and bona fide negotiations. We cannot support this Government which insists on disposing of this dispute by aggression and the use of military force.

It is regrettable that Secretary of State Kissinger has provided encouragement to the Turkish Government by some of his statements. I urge that he reconsider and that we forthwith end our support of the Turkish Government until it withdraws its invading forces.

TURKISH HEGEMONY IN CYPRUS

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

Mr. BADILLO. Mr. Speaker, during the past few hours Turkey has resumed its military action on Cyprus. Reports indicate that Turkish planes have attacked the capital city of Nicosia and that Turkish tanks advanced toward the city of Famagusta.

The Geneva peace talks have tragically collapsed and it is apparent that U.S. diplomatic efforts have failed to end the bloodshed on Cyprus and that we have been unable to prevent the attempted takeover of this island nation by Turkey.

Particularly disturbing, Mr. Speaker, is the fact that the Turkish Armed Forces which invaded Cyprus last month are using arms and ammunition supplied by the United States. The Turkish planes which have attacked Nicosia and other Cypriot towns today and which led the ill-conceived invasion last month are American-built phantom jet fighter aircraft.

Clearly the shocking aggression by Turkey against Cyprus was committed with the unwarranted and illegal use of American-supplied military equipment under the U.S. bilateral military assistance program with Turkey. It has been reported that five Finnish soldiers and four British soldiers, part of the U.N. force—not to mention countless Cypriots—were wounded in the bombing raids and we must understand that these sorties were carried out by U.S.-supplied planes.

Inasmuch as all of Secretary Kissinger's diplomatic initiatives have apparently not succeeded, it is now imperative that the President take decisive action to halt all U.S. military and economic assistance to Turkey until such time as all Turkish troops are withdrawn from Cyprus and Turkey ceases its unwarranted aggressive actions in the Mediterranean.

A LAYMAN'S LOOK AT THE LAW

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

Mr. YOUNG of Texas. Mr. Speaker, many fine things originate in the Southwest. We have here from Victoria, Tex., a book presenting a layman's look at the law entitled "It's the Law!" published by the Naylor Co., book publishers of the Southwest. This book was authored by Mr. A. B. J. Hammett, nationally known in the financial world as banker and industrialist. He is also a successful newspaper publisher, writer and historian. He was elected to the prestigious Wisdom Hall of Fame in 1971, and in 1973 he received the American Bicentennial Human Resources Award of the United States of America.

This book has received many fine reviews by prominent individuals in the law profession. Among them are the statements of Mr. Vince Taylor, former assistant attorney general of Texas, law professor, and author. He describes the book as "easy, interesting reading of court proceedings, and incidents based on actual facts." Mr. C. N. Rothe, assistant criminal district attorney, San Antonio, Tex., states that this publication, "gives the layman specific examples and a fine idea of situations encountered in day-to-day living as viewed by the law." Others who have reviewed this book favorably are Mr. Robert G. Storey, past president, American Bar Association, and Mr. John H. Wood, Jr., U.S. district judge, western district of Texas.

I would like to add my commendation of Mr. Hammett for giving the layman a look at the law in a manner he can understand.

PERSONAL EXPLANATION

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

Mr. HINSHAW. Mr. Speaker, during the debate and voting on the Federal Election Campaign Act Amendments of 1974 on August 8, the CONGRESSIONAL RECORD shows that I was present from the first quorum call, No. 461, to the final rollcall, No. 470, and discloses that I voted "yea" or "nay" on rollcalls 462 through 469. However, the RECORD erroneously indicates that I did not vote for final passage on rollcall 470.

The Clerk's official printout detailing my activities for the day shows that I utilized the same voting station, VS. 07 for the final three recorded votes. The printout further shows that I voted on rollcalls 468 and 469 and also that I only inserted my voting card on rollcall 470 at 18:54:29. However, the jam-up of votes at time of final passage may have caused the computer to not accurately list all the votes.

Regardless of the reason for this failure, had my vote been properly recorded on rollcall 470, it would have been a

"yea" vote in favor of the Federal Election Campaign Act of 1974.

APPOINTMENT OF CONFEREES ON H.R. 15842, INCREASING COMPENSATION FOR DISTRICT OF COLUMBIA POLICEMEN, FIREMEN, AND TEACHERS

Mr. DIGGS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 15842), to increase compensation for District of Columbia policemen, firemen, and teachers, to increase annuities payable to retired teachers in the District of Columbia, to establish an equitable tax on real property in the District of Columbia, to provide for additional revenue for the District of Columbia, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Michigan? The Chair hears none, and appoints the following conferees: Messrs. DIGGS, FRASER, STUCKEY, DELLUMS, REES, MAZZOLI, NELSEN, HARSHA, BROYHILL of Virginia, and GUDE.

CONFERENCE REPORT ON S. 2510, OFFICE OF FEDERAL PROCUREMENT POLICY

Mr. HOLIFIELD. Mr. Speaker, I call up the conference report on the Senate bill (S. 2510) to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

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

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 7, 1974.)

Mr. HOLIFIELD (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

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

There was no objection.

Mr. HOLIFIELD. Mr. Speaker, I yield myself a very brief period of time.

Mr. Speaker, I am privileged to report to the House on the successful outcome of the conference with the other body on S. 2510, the bill to establish an Office of Federal Procurement Policy within the Executive Office of the President and for other purposes. The conference was held on August 6, 1974. All conferees signed the report and the statement.

I wish to express my appreciation to Representatives ST GERMAIN, FUQUA, HORTON, and ERLENBORN for the time they gave as House conferees and their dedicated work in helping to resolve the differences between the House and the Senate bills.

The substance of the House bill, I am pleased to report, is preserved in the conference substitute. All changes accepted by the conferees to resolve differences are consistent with the purposes of the House bill.

As the Members will recall, the Senate and House bills established an Office of Federal Procurement Policy to provide Government-wide direction of policy for procurement by the executive agencies and Government grantees. The Senate bill placed the Office of Federal Procurement Policy in the Executive Office of the President. The House bill placed it within the Office of Management and Budget, a component of the Executive Office. The conference substitute adopts the provision of the House bill in locating the Office of Federal Procurement Policy in the Office of Management and Budget. This accords with the strong preference of the administration and the Commission on Government Procurement and, in the judgment of the conferees, will give the new Office the prestige and leverage required to accomplish its mission.

The conference substitute designates the head of the new Office as Administrator for Federal Procurement Policy. The conferees accepted this provision from the Senate bill in lieu of a provision in the House bill making him an Associate Director for Procurement Policy of the Office of Management and Budget. The conferees agreed to authorize compensation for the Administrator at executive level IV, $38,000, as provided in the House bill rather than executive level III as provided in the Senate bill.

Retained from both the Senate and House bills was the provision for appointment of the Administrator by the President with the advice and consent of the Senate. I may point out that the Administrator will be the only official in the Office of Management and Budget below the level of the Director and Deputy Director who will be subject to Senate confirmation.

The conference substitute incorporates a declaration of congressional policy to promote economy, efficiency and effectiveness in Government procurement. This is substantially the same as the declaration contained in the Senate bill and approved by the House in the 91st Congress as a part of Public Law 91–129, the act establishing the Commission on Government Procurement.

The Senate bill included a provision which required the Administrator to give advance notice of any proposed major policy change to the Senate and House Committees on Government Operations and made the proposed change subject to disapproval by resolution of either House. In place thereof the conferees agreed to accept a modified version providing simply for 30 days' advance notice to the congressional committees, eliminating the provision for congressional disapproval but allowing a waiver by the President of the notice requirement in emergency situations.

The House bill provided for continuing authorization of appropriations without specifying a yearly sum or a time limit. The Senate bill authorized $4 million for the first fiscal year and appropriations in unspecified sums for the 4 years thereafter. The conferees agreed to accept the Senate provision with a modification to reduce the authorization for the first fiscal year from $4 million to $2 million. In consequence, at the end of 5 years the Administrator will have to come before the appropriate committees of Congress for a new authorization of appropriations, at which time there can be a new evaluation by the Congress of the past accomplishments and continued justification and needs of the office.

The conference substitute includes other changes to accommodate a number of special provisions in the Senate bill. These include: First, a direction that the Administrator make a study of nonappropriated fund activities; second, a limitation on the authority of the Administrator to delegate to other agencies his basic policy-making responsibility under the act; third, a requirement that the Administrator keep the Congress and its committees fully and currently informed of the major activities of the office; and fourth, a provision that the Administrator make formal meetings to establish procurement policies "open to the public" on 10 days' advance notice. In all other respects, except as to minor matters of form and language, the conference substitute conforms to the House bill.

This was, in my judgment, a very successful conference. In resolving differences, we have kept in mind legitimate requests of the administration and arrived at a substitute which retains all important features of the House bill. If the House approves this report, I am confident that the bill can be sent to the President within a few days, and we will have given effect to a key recommendation of the Commission on Government Procurement, thereby providing the mechanism for carrying out other important recommendations of the Commission.

I ask the Members to support the conference report.

Mr. HOLIFIELD. Mr. Speaker, I now yield such time as he may consume to the gentleman from New York (Mr. HORTON).

Mr. Speaker, I am pleased to agree with Chairman HOLIFIELD'S statement that this conference bill reflects, in all major respects, the OFPP bill passed by the House on July 15, 1974. There are no significant additions or deletions from the House bill.

I would like to comment briefly on a few of the points in the conference bill:

The Senate conferees accepted the House position that the OFPP should be a part of the Office of Management and Budget. The only change we were asked to accept in this matter was a new title

for the head of the Office; he is to be known as the "Administrator for Federal Procurement Policy." The Administrator was made an executive level IV as in the House bill so he will be comparable to the associate directors of OMB, who are the principal line officers of that organization. We except the Administrator, working under the direction and supervision of the OMB Director, to bring the full resources of his Office and other appropriate resources of OMB to bear on reforming the Federal procurement system.

The conference bill includes a declaration of policy provision comparable to that found in the Senate bill. The declaration of policy provision in the Senate bill was the same as that contained in Public Law 91–129, which established the Commission on Government Procurement.

The Senate conferees receded from their provision authorizing congressional vetoes of major procurement policies and recommendations. Instead, the conference bill requires the Administrator to notify the Congress of major procurement policies and regulations 30 days before they would take effect, with an appropriate waiver provision for emergencies.

The conference bill includes modified Senate provisions emphasizing the desire of the Congress that major procurement policies be made openly and with as much public participation as is practicable. The Administrator will designate those formal meetings called to finalize major procurement policies and regulations which should be opened to the public and will provide appropriate procedures to be followed in the conduct of such meetings.

Finally, the conference bill has a modified authorization of appropriations section. The House bill authorized such funds as may be appropriated for an indefinite period of time. In our report, we estimated a cost of approximately $1 million a year. The Senate bill authorized $4 million for the first fiscal year and such sums as may be appropriated for the next 4 fiscal years. The conference bill authorizes $2 million for the first fiscal year and such sums as may be appropriated only for the next 4 years.

The conference bill deserves enactment. It meets the objectives of the Commission on Government Procurement. It will serve, as the Commission felt it should, as the cornerstone of our efforts to create an effective and viable Federal procurement system. The Office will provide the necessary coherence and direction for future Federal procurement policy. The benefits to be gained from this legislation will redound to the efficiency and effectiveness of all Federal programs, to those who work under Federal contract or receive Federal assistance, and ultimately to all Federal taxpayers.

Mr. Speaker, I urge acceptance of the conference report.

Mr. HOLIFIELD. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report

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

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 389, nays 1, answered "present" 2, not voting 42, as follows:

[Roll No. 485]

YEAS—389

Abdnor	Crane	Henderson
Abzug	Cronin	Hicks
Adams	Culver	Hillis
Addabbo	Daniel, Dan	Hinshaw
Anderson, Calif.	Daniel, Robert W., Jr.	Holifield
Anderson, Ill.	Daniels, Dominick V.	Holt
Andrews, N.C.	Danielson	Holtzman
Andrews, N. Dak.	Davis, S.C.	Horton
Annunzio	Davis, Wis.	Hosmer
Archer	de la Garza	Howard
Ashbrook	Delaney	Hudnut
Ashley	Dellenback	Hungate
Aspin	Denholm	Hunt
Badillo	Dennis	Hutchinson
Bafalis	Dent	Ichord
Baker	Derwinski	Jarman
Barrett	Devine	Johnson, Calif.
Bauman	Dickinson	Johnson, Colo.
Beard	Diggs	Johnson, Pa.
Bell	Donohue	Jones, Ala.
Bennett	Dorn	Jones, N.C.
Bergland	Downing	Jones, Okla.
Bevill	Drinan	Jordan
Biaggi	Duncan	Karth
Biester	du Pont	Kastenmeier
Bingham	Eckhardt	Kazen
Blackburn	Edwards, Ala.	Kemp
Blatnik	Edwards, Calif.	Ketchum
Boggs	Ellberg	Kluczynski
Boland	Erlenborn	Koch
Bolling	Esch	Kyros
Bowen	Eshleman	Lagomarsino
Brademas	Evans, Colo.	Latta
Bray	Evins, Tenn.	Leggett
Breaux	Fascell	Lehman
Breckinridge	Fish	Lent
Brinkley	Fisher	Litton
Brooks	Flood	Long, La.
Broomfield	Flowers	Long, Md.
Brotzman	Flynt	Lott
Brown, Calif.	Foley	Lujan
Brown, Mich.	Ford	Luken
Brown, Ohio	Forsythe	McClory
Broyhill, N.C.	Fountain	McCloskey
Broyhill, Va.	Fraser	McCollister
Buchanan	Frelinghuysen	McCormack
Burgener	Frey	McDade
Burke, Calif.	Froehlich	McEwen
Burke, Fla.	Fulton	McFall
Burke, Mass.	Fuqua	McKay
Burleson, Tex.	Gaydos	McKinney
Burlison, Mo.	Gettys	Madden
Burton, John	Giaimo	Madigan
Burton, Phillip	Gibbons	Mahon
Butler	Gilman	Mallary
Byron	Ginn	Mann
Camp	Goldwater	Maraziti
Carney, Ohio	Gonzalez	Martin, Nebr.
Carter	Goodling	Martin, N.C.
Casey, Tex.	Green, Oreg.	Mathias, Calif.
Cederberg	Green, Pa.	Mathis, Ga.
Chamberlain	Griffiths	Matsunaga
Chappell	Gross	Mayne
Chisholm	Gude	Mazzoli
Clancy	Guyer	Meeds
Clark	Haley	Melcher
Clausen, Don H.	Hamilton	Metcalfe
Clawson, Del	Hammer-schmidt	Mezvinsky
Clay	Hanley	Michel
Cleveland	Hanna	Milford
Cochran	Hanrahan	Miller
Cohen	Hansen, Wash.	Mills
Collins, Ill.	Harrington	Minish
Collins, Tex.	Harsha	Mink
Conable	Hastings	Minshall, Ohio
Conlan	Hays	Mitchell, N.Y.
Conyers	Hechler, W. Va.	Mizell
Corman	Heckler, Mass.	Moakley
Cotter	Heinz	Mollohan
Coughlin	Helstoski	Montgomery
		Moorhead, Calif.
		Moorhead, Pa.
Morgan	Rose	Thompson, N.J.
Mosher	Rosenthal	Thomson, Wis.
Moss	Rostenkowski	Thone
Murphy, Ill.	Roush	Thornton
Murphy, N.Y.	Roy	Tiernan
Murtha	Roybal	Towell, Nev.
Myers	Runnels	Traxler
Natcher	Ruppe	Treen
Nedzi	Ruth	Udall
Nelsen	St Germain	Ullman
Nichols	Sandman	Van Deerlin
Nix	Sarasin	Vander Jagt
Obey	Sarbanes	Vander Veen
O'Brien	Satterfield	Vanik
O'Hara	Scherle	Veysey
O'Neill	Schneebeli	Vigorito
Owens	Schroeder	Waggonner
Parris	Sebelius	Waldie
Patman	Seiberling	Walsh
Patten	Shoup	Wampler
Pepper	Shriver	Ware
Perkins	Shuster	Whalen
Pettis	Sikes	White
Peyser	Sisk	Whitehurst
Pickle	Skubitz	Whitten
Pike	Slack	Widnall
Poage	Smith, N.Y.	Wiggins
Podell	Snyder	Wilson, Bob
Powell, Ohio	Spence	Wilson, Charles H., Calif.
Preyer	Staggers	Wilson, Charles, Tex.
Price, Ill.	Stanton, J. William	Winn
Price, Tex.	Stanton, James V.	Wolff
Pritchard	Stark	Wright
Quie	Steed	Wyatt
Quillen	Steele	Wydler
Railsback	Steelman	Wylie
Randall	Steiger, Ariz.	Wyman
Rangel	Steiger, Wis.	Yates
Rees	Stephens	Yatron
Regula	Stokes	Young, Alaska
Reuss	Stratton	Young, Fla.
Rhodes	Stubblefield	Young, Ill.
Rinaldo	Studds	Young, S.C.
Roberts	Symington	Young, Tex.
Robinson, Va.	Symms	Zablocki
Rodino	Talcott	Zion
Roe	Taylor, Mo.	Zwach
Rogers	Taylor, N.C.	
Roncalio, Wyo.	Teague	
Roncallo, N.Y.		
Rooney, Pa.		

NAYS—1

Landgrebe

ANSWERED "PRESENT"—2

Findley Ryan

NOT VOTING—42

Alexander	Grover	Mitchell, Md.
Arends	Gubser	Passman
Armstrong	Gunter	Rarick
Brasco	Hansen, Idaho	Reid
Carey, N.Y.	Hawkins	Riegle
Collier	Hébert	Robison, N.Y.
Conte	Hogan	Rooney, N.Y.
Davis, Ga.	Huber	Rousselot
Dellums	Jones, Tenn.	Shipley
Dingell	King	Smith, Iowa
Dulski	Kuykendall	Stuckey
Frenzel	Landrum	Sullivan
Grasso	McSpadden	Williams
Gray	Macdonald	Young, Ga.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Arends.
Mr. Rooney of New York with Mr. Grover.
Mr. Shipley with Mr. Passman.
Mr. Jones of Tennessee with Mr. Rarick.
Mr. Dingell with Mr. Reid.
Mrs. Grasso with Mr. Gubser.
Mr. Hawkins with Mr. Hogan.
Mr. Carey of New York with Mr. King.
Mr. Dellums with Mr. Gray.
Mr. Gunter with Mr. Collier.
Mr. Mitchell of Maryland with Mr. Dulski.
Mr. Landrum with Mr. Conte.
Mr. Macdonald with Mr. Davis of Georgia.
Mrs. Sullivan with Mr. Frenzel.
Mr. Smith of Iowa with Mr. Hansen of Idaho.
Mr. Young of Georgia with Mr. Robison of New York.
Mr. Alexander with Mr. Williams.
Mr. McSpadden with Mr. Huber.
Mr. Riegle with Mr. Kuykendall.
Mr. Stuckey with Mr. Rousselot.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 9989, REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1252 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1252

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9989) to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. DEL CLAWSON), pending which I yield myself such time as I may consume.

Mr. Speaker, this is an open rule with 1 hour of general debate. It is a straightforward rule, and I know of no controversy on it. There is some controversy on the bill made in order, the Real Estate Settlement Procedures Act of 1974, but knowing of no controversy on the rule, I reserve the balance of my time.

Mr. DEL CLAWSON. Mr. Speaker, as explained, this rule, House Resolution 1252, provides for the consideration of H.R. 9989, the Real Estate Settlement Procedures Act of 1974. It allows 1 hour of general debate and the bill is to be open to amendments.

The purpose of H.R. 9989 is to control settlement costs by regulating the underlying business procedures of which the costs are a function.

This bill tries to solve these problems in three ways: First, prohibiting or regulating abusive practices, such as kickbacks, unearned fees, and unreasonable escrow accounts; second, requiring that home buyers be provided both with greater information on the nature of the settlement process and with an itemized statement of all settlement charges well in advance of settlement; and third, taking steps toward the simplification of the land recordation process, by establishing, on a demonstration basis in various areas of the United States, a model system or systems for the recordation of land parcels in a manner calculated to facilitate and simplify land transfers.

Mr. Speaker, I ask for an aye vote on this rule, so that the House may proceed to consider this bill.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 12859, FEDERAL MASS TRANSPORTATION ACT OF 1974

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1313 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1313

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12859) to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Public Works now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against sections 6, 7, and 8 or said substitute for failure to comply with the provisions of clause 7, rule XVI, are hereby waived. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Texas (Mr. YOUNG) is recognized for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1313 provides for an open rule with 2 hours of general debate on H.R. 12859, the Federal Mass Transportation Act of 1974.

House Resolution 1313 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Public Works now printed in the bill as an original bill for the purpose of amendment. House Resolution 1313 also provides that all points of order against sections 6, 7, and 8 of the substitute for failure to comply with the provisions of clause 7, rule XVI of the Rules of the House of Representatives, the germaneness provision, are waived.

H.R. 12859 deals with two aspects of transit financing: Capital grant programs and operating subsidy grants. The bill divides urban areas into three different categories, with separate grants for each category. The fourth category authorizes the Secretary of Transportation to make construction and operating grants to areas not within urbanized areas. This category covers all areas with a population of less than 50,000.

Mr. Speaker, I urge the adoption of House Resolution 1313 in order that we may consider H.R. 12859.

The germaneness waiver is required because section 6 deals with vehicle weight and width limitations. Section 7 provides for a safety program and section 8 deals with condemnation of property.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I concur in the statements just made by the able gentleman from Texas (Mr. YOUNG). However, I would like to just recall a couple of the remarks of our new President which he made in this Chamber on August 12, 1974.

The new President said:

My first priority is to work with you to bring inflation under control. Inflation is Domestic Enemy No. 1. To restore economic confidence the Government in Washington must provide some leadership. It does no good to blame the public for spending too much when the Government is spending too much.

Mr. Speaker, this rule makes in order the expenditure over the next 6 years of $20,374,000,000. The question is whether or not we should spend $20,374,000,000 additional taxpayers' dollars in an overheated economy during the next 6 years. Hopefully, the proponents of this legislation will touch on this today.

I would like to point out that there is a waiver provided for in this rule because sections 6, 7, and 8 deal with nongermane subjects.

Section 6 revises the vehicle weight and width limitations on the Interstate System, and section 7 provides for a demonstration project in Hammond, Indiana, to relocate certain railroad lines for the purpose of eliminating grade crossings. They are proposing to take some $14 million out of the highway trust fund in order to fund this demonstration project.

I hasten to point out, Mr. Speaker, that in my own congressional district we have a lot of problems with grade crossings, and I would just like to have demonstration projects funded in this bill to take care of all of these difficult problems that we have with grade crossings in my district; and I am certain that every other Member of Congress would like to do likewise. But, unfortunately, the only demonstration project provided for here is for Hammond, Ind.

Section 8 also provides for a waiver to simplify the procedures for donating property to a Government agency.

Since these particular items are nongermane to the rest of this bill, a waiver is required. This rule provides for 2 hours of general debate, and the bill will be open to amendment.

Mr. Speaker, funds in this bill are to be distributed under four separate categories.

Category A presently includes nine urbanized areas which either have or are planning major fixed guideway mass transit systems. The nine cities are New York, Chicago, Philadelphia, San Francisco, Boston, Cleveland, Pittsburgh, Baltimore, and Atlanta. Grants under this category may be used for either capital grants or operating subsidies. Other cities which qualify may move into category A. According to testimony presented in the Rules Committee, about 54 percent of the funds in this bill will be distributed to category A recipients.

Category B includes all urban areas of over 50,000 persons, other than those areas in category A. Funds under category B are to be distributed to these cities based on their percentage of the Nation's urbanized population. Funds distributed under this category may be used for both capital grants and operating subsidies.

Category C provides funds for capital grants only. The funds are to be distributed at the discretion of the Secretary, to category B cities which require additional assistance.

Category D authorizes construction grants and operating subsidies to rural areas. This includes all urban areas with a population less than 50,000. The Secretary is to apportion these funds to the States based on the percentage of rural population in the State.

The Federal share for capital grants will be 75 percent. The Federal share for operating subsidies will be 50 percent.

Mr. Speaker, I yield 1 minute to the gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Speaker, I have asked for this time in order to address a question to the gentleman from Ohio (Mr. LATTA), if I may have his attention.

Mr. LATTA. The gentleman has my attention.

Mr. GROSS. Mr. Speaker, in view of the fact that the rule waives points of order against nongermane provisions in this bill, does the gentleman not think the rule ought to be defeated?

Mr. LATTA. Mr. Speaker, if the gentleman will yield, let me advise the gentleman that we did not have the votes in the Committee on Rules to defeat it, and I do not think the votes are here on the floor to defeat the rule.

I think this matter can be taken up under general debate. That is the reason that I think the Committee on Rules in its wisdom granted such a rule.

The gentleman well knows that if the Committee on Rules had not granted waivers of points of order on these particular items they could have gone out on a point of order, without further discussion.

Mr. GROSS. That is right. Those provisions have no place in this bill as it is brought to the floor.

Mr. LATTA. They are nongermane amendments, that is correct.

Mr. GROSS. I thank the gentleman for yielding me this time.

Mr. LATTA. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. YOUNG of Texas. Mr. Speaker, I yield such time as he may consume to the distinguished chairman of the Committee on Rules, the gentleman from Indiana (Mr. MADDEN).

Mr. MADDEN. Mr. Speaker, first I commend and congratulate Chairman BLATNIK, Congressman ROBERT JONES, and the members of the House Public Works Committee for succeeding in presenting to the Congress a very necessary and long delayed, highly comprehensive mass transit bill for legislative consideration.

During the last quarter of a century, the metropolitan areas of the Nation have literally multiplied in population and inflicted on these areas increasing hardship in the way of transportation problems.

I fully realize it is difficult for Members of Congress who come from rural districts, without highly populated cities within their borders, to comprehend the fact that traffic conditions in highly industrialized metropolitan areas have reached the point where a solution for relief must be found.

I represent an industrial congressional district immediately adjacent to the city limits of Chicago, on the south shore of Lake Michigan. My district has three of the largest steel mills in the Nation—U.S. Steel, Inland, Youngstown—and most of the major oil refineries and dispensers, as well as 50 to 100 other industries, large and small.

The industrial towns of Hammond, Gary, East Chicago, and Whiting are immediately surrounded by a half dozen cities and towns all concentrated in a compact area in northwestern Indiana of over a million people. Immediately adjacent to the north is the city of Chicago, of approximately 5 million people. All traffic in and out of Chicago, coming east from the middle west, and from the east going to the middle west, traverses the Calumet region of Indiana.

This region, over the last 25 years, has almost tripled in population, and the population continues to grow.

Porter County, immediately east of my congressional district, has tripled in population and added more to our traffic problems in and out of the city of Chicago.

The Calumet region, and particularly the city of Hammond, is a network of approximately a dozen railroads coming into and going out of the city of Chicago. There are 120 rail and roadway grade crossings in the city of Hammond, Ind. Nearly 50 trains roll through the city on an average day, a high percentage of which are freight trains made up of 150 to 200 boxcars.

They impede police on emergency calls.

They delay firefighters and ambulances.

They frustrate and enrage commuters, shoppers, shippers, and workers going to and from work.

They are increasingly a millstone around the economic neck of the city.

If this legislation is enacted into law, for the first time in more than 60 years the Calumet region, and particularly the city of Hammond, will be within reach of a solution to its oldest problem—traffic congestion.

The Governor of Indiana, the Indiana Highway Department, the industries, the chambers of commerce of Hammond, Gary, East Chicago, Whiting, and other cities including all labor groups are united and cooperating in this effort to secure Federal aid on a traffic congestion problem that annually increases and will eventually impede the progress and business operation of the No. 1 industrial area in America, the Calumet region of Indiana.

I wish to commend the subcommittee of the Public Works Committee, under the chairmanship of Congressman JONES, for coming to Hammond and the Calumet region at the time they visited the city of Chicago, and holding hearings on the mass transit problems of northwest Indiana. During the afternoon of the hearings, the members could personally observe the long lines of congested traffic. And, incidentally, on one railroad located adjacent to the hearing room, half a dozen long freight trains plowed their way through the city at a snail's pace of 10 to 12 miles an hour, blocking numerous crossings and traffic intersections, all to the astonishment of the visiting Congressmen.

This special rail relocation demonstration project, including other mass transit solutions, has the endorsement of all industry, business, chambers of commerce, and citizens who have been seriously striving over the years to relieve the city of Hammond and adjoining communities from the most concentrated traffic bottleneck in America.

This project will condemn no property, and will ease the burdens in every part of the community. It will more fully utilize already constructed overpasses and add the functioning of new overpasses at principal intersections and underground pedestrian crossings.

Railroad track relocation in Hammond is endorsed by the Northwest Indiana Planning Commission as a "good start" for the 25-year program envisioned necessary to improve railroad traffic patterns throughout the region. Outlying traffic problems in this industrial area can be solved only after the Hammond traffic hub has been stabilized.

This bill has the support of five railroads. The Erie-Lackawanna, Chesapeake and Ohio, and Norfolk and Western would all redirect traffic; the Penn Central and Indiana Harbor Belt own the tracks which much of the redirected traffic would utilize.

It will eliminate 40 percent of current grade crossing traffic problems, including:

Schoolbuses and public conveyances dodging around lowered crossing gates; 30,000 elementary, junior high, and high school pupils sneaking around, over, and under trains stopped at crossings; 95 persons killed or injured in 70 railcar accidents in the last 6 years; 262 ambulance delays for a total of 719 minutes in 1973; 53 fire truck delays for a total of 130.5 minutes in 1973; 24 hours, 38 minutes of derailment delay in 1973; 242 hours, 18 minutes of derailment tieup already in 1974; and uncounted hours of commuter, jobholder, shopper tieup daily.

Mr. Speaker, the Public Works Committee, after many months of hearings, markups, and testimony representing all segments of our economy, partitioned our urban traffic problems into four categories: A, B, C, and D. On page 24 of the committee report, information as to the classification and function of each category is explained in detail.

Mr. Speaker, I have received a great number of letters and petitions supporting this mass transit legislation. But I particularly want to include with my remarks a letter from the Amalgamated Transit Union, signed by Dan V. Maroney, international president, endorsing H.R. 12859, the Federal Mass Transportation Act of 1974.

The letter follows:

AMALGAMATED TRANSIT UNION,
Washington, D.C., August 9, 1974.

To All Members of House of Representatives.

DEAR MR. CONGRESSMAN: H.R. 12859, the Federal Mass Transportation Act of 1974, is scheduled for debate and vote by the House on Wednesday, August 14. The Amalgamated Transit Union strongly supports and urges prompt enactment of this vital legislation by the House.

In addition to providing capital grant assistance, and research and development programs, H.R. 12859 provides much needed Federal operating assistance. Particularly, the bill specifically provides financial assistance to urban areas constructing high cost, rail rapid or fixed guideway transit systems. Enactment of the bill will go a long way toward providing the Nation's urban areas with a reasonable and practical alternative to the use of private auto for urban transportation needs.

H.R. 12859 continues anti-discrimination provisions, prevailing wage, and employee protections contained in the Urban Mass Transportation Act of 1974.

We respectfully but strongly urge that you support enactment of H.R. 12859 as reported, and oppose any disabling amendments.

Respectfully,

DAN V. MARONEY,
International President.

Mr. YOUNG of Texas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

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

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 370, nays 21, not voting 43, as follows:

[Roll No. 486]

YEAS—370

Abdnor	Dellenback	Jones, Ala.
Abzug	Dellums	Jones, N.C.
Adams	Denholm	Jones, Okla.
Addabbo	Dennis	Jordan
Alexander	Dent	Karth
Anderson, Calif.	Derwinski	Kastenmeier
	Devine	Kazen
Anderson, Ill.	Dickinson	Kemp
Andrews, N.C.	Diggs	Ketchum
Andrews, N. Dak.	Donohue	King
	Dorn	Kluczynski
Annunzio	Downing	Koch
Archer	Drinan	Kuykendall
Ashley	Duncan	Kyros
Aspin	du Pont	Lagomarsino
Badillo	Eckhardt	Latta
Bafalis	Edwards, Ala.	Leggett
Baker	Edwards, Calif.	Lehman
Barrett	Eilberg	Lent
Bauman	Erlenborn	Litton
Beard	Esch	Long, La.
Bell	Eshleman	Long, Md.
Bennett	Evans, Colo.	Lott
Bergland	Evins, Tenn.	Lujan
Bevill	Fascell	Luken
Biaggi	Findley	McClory
Biester	Fish	McCloskey
Bingham	Fisher	McCollister
Blatnik	Flood	McCormack
Boggs	Flowers	McDade
Boland	Flynt	McFall
Bolling	Ford	McKay
Bowen	Forsythe	McKinney
Brademas	Fountain	Madden
Bray	Fraser	Madigan
Breaux	Frelinghuysen	Mahon
Breckinridge	Frenzel	Mallary
Brinkley	Frey	Mann
Brooks	Froehlich	Maraziti
Broomfield	Fulton	Martin, Nebr.
Brotzman	Fuqua	Martin, N.C.
Brown, Calif.	Gaydos	Mathias, Calif.
Brown, Mich.	Gettys	Mathis, Ga.
Brown, Ohio	Giaimo	Matsunaga
Broyhill, Va.	Gibbons	Mayne
Buchanan	Gilman	Mazzoli
Burgener	Ginn	Meeds
Burke, Calif.	Goldwater	Melcher
Burke, Fla.	Gonzalez	Metcalfe
Burlison, Mo.	Green, Oreg.	Mezvinsky
Burton, John	Green, Pa.	Michel
Burton, Phillip	Griffiths	Milford
Butler	Gude	Miller
Byron	Guyer	Mills
Carey, N.Y.	Haley	Minish
Carney, Ohio	Hamilton	Mink
Carter	Hammer-schmidt	Minshall, Ohio
Casey, Tex.		Mitchell, N.Y.
Chamberlain	Hanley	Mizell
Chappell	Hanna	Moakley
Chisholm	Hanrahan	Mollohan
Clancy	Hansen, Wash.	Montgomery
Clark	Harrington	Moorhead, Calif.
Clausen, Don H.	Harsha	
	Hastings	Moorhead, Pa.
Clawson, Del	Hays	Morgan
Cleveland	Hechler, W. Va.	Moss
Cochran	Heckler, Mass.	Murphy, Ill.
Cohen	Heinz	Murphy, N.Y.
Collins, Ill.	Helstoski	Murtha
Conable	Henderson	Myers
Conlan	Hicks	Natcher
Conte	Hillis	Nedzi
Conyers	Hinshaw	Nelsen
Corman	Holifield	Nichols
Cotter	Holt	Nix
Crane	Holtzman	Obey
Cronin	Horton	O'Brien
Culver	Howard	O'Hara
Daniel, Dan	Hudnut	O'Neill
Daniel, Robert W., Jr.	Hungate	Parris
	Hunt	Patman
Daniels, Dominick V.	Hutchinson	Patten
	Ichord	Pepper
Danielson	Jarman	Perkins
Davis, S.C.	Johnson, Calif.	Pettis
de la Garza	Johnson, Colo.	Peyser
Delaney	Johnson, Pa.	Pickle
Pike	Shoup	Van Deerlin
Poage	Shriver	Vander Jagt
Podell	Shuster	Vander Veen
Powell, Ohio	Sikes	Vanik
Preyer	Sisk	Veysey
Price, Ill.	Skubitz	Vigorito
Price, Tex.	Slack	Waggonner
Pritchard	Smith, Iowa	Waldie
Quie	Smith, N.Y.	Walsh
Quillen	Snyder	Wampler
Railsback	Staggers	Ware
Randall	Stanton, J. William	Whalen
Rangel		White
Rees	Stanton, James V.	Whitten
Regula		Widnall
Reuss	Stark	Wiggins
Rhodes	Steed	Wilson, Bob
Rinaldo	Steele	Wilson, Charles H. Calif.
Roberts	Steelman	
Rodino	Steiger, Ariz.	
Roe	Steiger, Wis.	Wilson, Charles, Tex.
Rogers	Stephens	Winn
Roncallo, N.Y.	Stubblefield	Wolff
Rooney, Pa.	Studds	Wright
Rose	Sullivan	Wyatt
Rosenthal	Symington	Wydler
Rostenkowski	Talcott	Wylie
Roush	Taylor, Mo.	Wyman
Roy	Taylor, N.C.	Yates
Roybal	Teague	Yatron
Runnels	Thompson, N.J.	Young, Alaska
Ruppe	Thomson, Wis.	Young, Fla.
Ryan	Thone	Young, Ill.
St Germain	Thornton	Young, Tex.
Sandman	Tiernan	Zablocki
Sarasin	Towell, Nev.	Zion
Sarbanes	Traxler	Zwach
Schneebeli	Treen	
Schroeder	Udall	
Seiberling	Ullman	

NAYS—21

Ashbrook	Gross	Scherle
Blackburn	Hosmer	Sebelius
Burleson, Tex.	Landgrebe	Spence
Camp	Robinson, Va.	Stratton
Collins, Tex.	Rousselot	Symms
Davis, Wis.	Ruth	Whitehurst
Goodling	Satterfield	Young, S.C.

NOT VOTING—43

Arends	Grover	Owens
Armstrong	Gubser	Passman
Brasco	Gunter	Rarick
Broyhill, N.C.	Hansen, Idaho	Reid
Burke, Mass.	Hawkins	Riegle
Cederberg	Hébert	Robison, N.Y.
Clay	Hogan	Roncallo, Wyo.
Collier	Huber	Rooney, N.Y.
Coughlin	Jones, Tenn.	Shipley
Davis, Ga.	Landrum	Stokes
Dingell	McEwen	Stuckey
Dulski	McSpadden	Williams
Foley	Macdonald	Young, Ga.
Grasso	Mitchell, Md.	
Gray	Mosher	

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Arends.

Mr. Rooney of New York with Mr. Roncallo of Wyoming.

Mr. Burke of Massachusetts with Mr. Grover.

Mr. Jones of Tennessee with Mr. Gubser.

Mr. Hawkins with Mr. Broyhill of North Carolina.

Mr. Gunter with Mr. Coughlin.

Mr. Dingell with Mr. Collier.

Mr. Young of Georgia with Mr. Cederberg.

Mr. Riegle with Mr. Hansen of Idaho.

Mr. Foley with Mr. McEwen.

Mr. Reid with Mr. Huber.

Mrs. Grasso with Mr. Owens.

Mr. Passman withh Mr. Robison of New York.

Mr. Mitchell of Maryland with Mr. Gray.

Mr. Stokes with Mr. Shipley.

Mr. Macdonald with Mr. Davis of Georgia.

Mr. Landrum with Mr. Mosher.

Mr. Rarick with Mr. Hogan.

Mr. Stuckey with Mr. Dulski.

Mr. McSpadden with Mr. Clay.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974

Mr. BARRETT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9989) to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania (Mr. BARRETT).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9989) with Mr. CULVER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Pennsylvania (Mr. BARRETT) will be recognized for 30 minutes, and the gentleman from Georgia (Mr. BLACKBURN) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Chairman, the chairman of the Committee on Banking and Currency, the gentleman from Texas (Mr. PATMAN), will not be able to be here to handle this bill today because he is handling hearings on President Ford's proposed legislation to create a Cost-of-Living Council. For that reason, Mr. Chairman, I will be handling the bill.

Mr. Chairman, H.R. 9989 the Real Estate Settlement Procedures Act of 1974 is the product of some 2 years of consideration on matters relating to the high cost and complexities of residential real estate transactions by the Subcommittee on Housing of which I am chairman. The 1972 housing bill which was not granted a rule by the Rules Committee contained a title somewhat similar to the provisions contained in H.R. 9989. I strongly endorse most of the provisions of the bill presently before us, but strongly oppose the provision contained in section 102(c). Section 102(c) repeals the provision that was contained in the Emergency Home Finance Act of 1970 which directed the Secretary of Housing and Urban Development and the Administrator of Veterans Affairs to prescribe standards governing the amounts of settlement costs allowable in connection with the financing of FHA and VA housing. If this provision is repealed as is contemplated under H.R. 9989, it would deprive the Secretary of Housing and Urban Development of authority that he can use to keep the cost of real estate settlement transactions from being exorbitantly high.

The Housing Subcommittee in its numerous hearings on this matter has received evidence that real estate settlement costs have been abnormally high in many areas of this country. It will be argued that the HUD Secretary has not used this authority and the present occupant of that office will not in all likelihood use that authority. But let me point out that the possibility that the Secretary might prescribe standards has had a dramatic effect in many areas of the country in changing and reforming real estate settlement transaction procedures and in reducing the exorbitant costs and even simplifying these procedures. If we take this authority away from the Secretary, I fear that the various interested groups such as the bar associations, realtors, title companies will go back to their old ways of gouging the public. I would urge all members to vote for the Stark amendment, which would knock out section 102(c) when it is offered later on today.

Mr. Chairman, I would strongly endorse all of the other provisions of the bill since they will provide for greater information concerning real estate settlement matters, advanced disclosures, settlement costs prior to the actual closing and limitations on the amount of funds in escrow accounts.

Mr. Chairman, I include at this point a letter which was sent to Chairman PATMAN by the AFL–CIO concerning this legislation:

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., August 9, 1974.

Hon. WRIGHT PATMAN,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN PATMAN: The AFL–CIO has consistently supported legislation to reduce excessive costs and abuses involved in home purchasing. Excessive settlement costs represent a burdensome cash outlay in addition to down payment, points, moving costs and the get-settled expenses American families must bear in undertaking the biggest purchase of their lives.

H.R. 9989, which comes to the House floor this week, deals with this problem and, except in one respect, is good legislation. As now written, the bill contains language which would repeal the provision in present law which gives the Department of Housing and Urban Development authority to regulate settlement charges in home purchases. We strongly urge the retention of this authority as a "stick in the closet" to inhibit further excessive closing charges. To achieve this end, we urge that you support the proposed amendment that would retain this authority in HUD and help prevent further increases in housing costs.

To this end we join with the many other consumer-oriented organizations and advocates who support this amendment and the retention of this potentially useful tool.

Sincerely yours,
ANDREW J. BIEMILLER,
Director,
Department of Legislation.

Mr. Chairman, I now yield such time as he may consume to the gentleman from Georgia (Mr. STEPHENS), to explain this bill.

Mr. STEPHENS. Mr. Chairman, I want to express my appreciation to the chairman of our Housing Subcommittee, the gentleman from Pennsylvania (Mr. BARRETT), for his generosity in permitting me to proceed now to try to explain the terminology and the effect of H.R. 9989.

Mr. Chairman, during the past 4 years, the Congress, the VA, HUD, the Federal Home Loan Bank Board, and affected professions have undertaken an extensive examination of the real estate settlement process and its costs. We have examined the problems in numerous hearings in which many witnesses from the public and private sectors have testified. We have received reports from HUD, the VA and the Federal Home Loan Bank Board. They recommended that certain steps be taken at the Federal level to help keep settlement costs to reasonable levels. So, I believe the time has come for us to act.

H.R. 9989, the Real Estate Settlement Procedures Act, is the bill which I and 16 other members of the Committee—Representatives BLACKBURN, BRASCO, BROWN, BURGENER, CRANE, FRENZEL, GETTYS, GONZALEZ, HANLEY, HANNA, REES, RONCALLO, STANTON, WIDNALL, WYLIE, and YOUNG—introduced last year. The provisions contained in H.R. 9989 are virtually identical to the provisions of title IX of H.R. 16704, the Housing and Urban Development Act of 1972, that were approved by a bipartisan 28 to 8 vote of the full Banking Committee in September of 1972. These provisions are also directly responsive to all of the recommendations for Federal action contained in the 1972 HUD–VA report.

Among other things, the bill would provide:

First, strong civil and criminal penalties against kickbacks and referral fees;

Second, advance disclosure of settlement costs to home buyers on a uniform settlement sheet to be developed by HUD;

Third, a requirement that lenders give applicants for home mortgage loans a special information booklet that will explain the settlement process and its costs;

Fourth, limitation on the amounts lenders can require home buyers to pay into escrow accounts;

Fifth, that HUD establish on a demonstration basis various model land recordation systems to deal with what the HUD–VA report found to be the "root problem involved in reducing costs"—reform and reorganization of public land records;

Sixth, requires disclosure of present owner, date of purchase, seller and previous selling price of real estate;

Seventh, prohibits fee for Truth-in-Lending and uniform settlement statement;

Eighth, prohibits seller, as condition of sale, from stipulating that title insurance be obtained from a particular title company and provides penalty for violation equal to three times all charges for title insurance; and

Ninth, requires study by Federal Reserve Board concerning payment of interest escrow accounts.

Virtually all of the witnesses who testified in the hearings held by the Housing Subcommittee over the past 2 years agreed that all these provisions are necessary and desirable.

In addition, as part of section 102 as

amended, H.R. 9989 would repeal section 701 of the Emergency Home Finance Act of 1970. This provision was the only subject of dispute. This dispute was whether or not section 701 of the 1970 act authorizes HUD to regulate the rates and charges for settlement services in FHA and VA assisted transactions.

The committee decided to repeal section 701 by a vote of 18 to 12.

When section 701 was mentioned in the 1970 debates, it was positively asserted that its provisions did not mean rate regulation. In arguing for retention of section 701 of the Emergency Home Finance Act, supporters of such interpretation have made a number of erroneous or unsupportable statements that should not go unchallenged. In spite of their allegations, let me point out as follows:

First. Repeal of section 701 would not erase the only Federal authority in existence to deal with unreasonable or exorbitant settlement charges. HUD had that power before section 701. HUD has the power now under section 701. HUD will have this power if section 701 is repealed;

Second. Section 701 was never intended to give HUD rate regulatory authority for settlement costs in FHA and VA transactions;

Third. Section 701 does not offer home buyers any realistic possibility of effecting any savings in settlement costs;

Fourth. The mere existence of section 701 on the statute books has not served to motivate States to adopt settlement reform legislation and has, in fact, had a retarding effect on State reform;

Fifth. Repeal of section 701 will in no way indicate that the Federal Government is no longer interested in settlement reform; on the contrary, it is passage of H.R. 9989 that will indicate congressional interest in dealing with the root causes of unnecessarily high settlement charges; and

Sixth. The fact that section 701 has never been implemented by HUD to regulate rates and charges in the real estate settlement area does not reflect political pressure. Assistant Secretary Lubar said it reflects HUD's realization that such regulation would be unwise, unworkable and "could only be achieved at very high administrative costs, widely out of proportion to the benefits that would be received by consumers."

For a more detailed analysis of this see my remarks on page 25556 of the CONGRESSIONAL RECORD of July 29, 1974.

I hope that all Members of the House will support H.R. 9989, as approved by the committee, and the committee's decision to repeal section 701 of the Emergency Home Finance Act of 1970 because the purpose of section 701 has been twisted out of the context of the intent of Congress.

What has not been disputed is that any attempt to develop a system of Federal rate regulation in this area would be unworkable.

After attempting to develop such a scheme, Assistant Secretary of Housing and Urban Development Sheldon Lubar testified, as quoted above, that HUD's experience had demonstrated that "even if it could be concluded that Federal regulation of settlement costs was workable at all, such regulation could be achieved at only very high administrative cost, widely out of proportion to the benefits that would be received by consumers." He told the subcommittee that HUD believed repeal of section 701 was "vital" to any legislative package on settlement costs. This same view was expressed by the chairman of the Federal Home Loan Bank Board, Thomas R. Bomar, who described Federal rate regulation of settlement costs as "merely symptomatic treatment" that was "likely to create a bureaucratic monstrosity" and lead to "serious distortions and instabilities in the marketplace."

Consumer witnesses who testified in recent hearings concluded that Federal rate regulation was not a desirable approach. For example, Alan Morrison, who represented Ralph Nader's Public Citizen Project, while he did not go so far as to urge repeal of section 701, did tell the subcommittee that:

> There is no evidence so far that indicates that mandatory price regulation by the Federal Government is required.

Thus, I believe that we have in H.R. 9989, as amended, a series of consumer-oriented proposals that would not only be of great benefit to millions of home buyers, but should also receive the support of a great majority of the members of this committee and the House of Representatives.

After examining alternative proposals that have been suggested—particularly the proposal that lenders bear certain settlement costs presently paid for by the borrower or the seller—there are three substantive amendments that I proposed to H.R. 9989, all of which were accepted by the Banking Committee.

First, I agreed to Mrs. SULLIVAN's proposal to expand the coverage of my bill to include the individual units of cooperatives and condominiums.

Second, the requirement in H.R. 9989 that advance disclosure of settlement costs be made at least 10 days before settlement is too rigid. The proposal of Mrs. SULLIVAN to have this disclosure made at the time of the loan commitment is more reasonable and would be of greater value to home buyers. I would, however, also place some discretion in the hands of HUD and the Federal Reserve Board to prescribe the time for disclosure in those instances where there is no loan commitment. This is amendment No. 2.

Third, we revised substantially the provision in H.R. 9989 calling upon HUD to monitor the implementation of the provisions of the bill and to report back to the Congress on what further legislative action is needed in this area. This was amendment No. 3. This would specifically call upon HUD for its recommendations on the desirability of having lenders bear certain settlement costs. Such a report is an absolute prerequisite if the Congress is to consider seriously such a far-reaching proposal. HUD's 1972 report on the problems in the real estate settlement process proved to be the basis for settlement cost legislation we are presently considering and I believe that an economic and statistical analysis of the lender pay proposal by HUD must be the basis for any future congressional consideration of this proposal.

I believe H.R. 9989, as improved by amendments accepted by the committee, represents a reform package that can provide immediate assistance to the American homebuying public and will direct that the first steps in basic reform of local land recordation be taken by HUD.

In conclusion, let me point out two thoughts for your consideration:

First. If the House adopts H.R. 9989 as amended, we can rightfully say we have a genuine reform bill and we can refute some of the careless accusations that the House is not interested in reform; and

Second. We can say we are consistent with the principles of keeping or returning control to local governments as evidenced by revenue sharing and the housing bill we have passed. In the report on the housing bill, the committee boasted that under the new community development concept, "local elected officials, rather than special-purpose agencies, would have principal responsibility for determining community development needs, establishing priorities, and allocating resources." Let us not, against those principles, inject the Federal Government into ratemaking in professions and businesses, an area which has always been the prerogative of local areas.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I will be glad to yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. I would like to pose a question to the gentleman. I think the gentleman from Georgia does have a fine piece of legislation, very much in the public interest, except for the question of whether we should retain in existing law HUD authority to establish maximum settlement charges, where necessary, for FHA- and VA-related mortgage loan transactions.

My question is, Will the gentleman support his bill, H.R. 9989, if the House, in its wisdom, decide to pass the bill with the only change being the retention of HUD authority, instead of the repeal of that authority?

Mr. STEPHENS. I will say this in reply, that it is a good bill. It was a good bill when it came out of the committee, and I would be prepared to support it if, in the wisdom of the House, the House does not agree with me.

I would like to pose the same question to the gentlewoman. If it comes out the other way, will the gentlewoman support the good features of this bill by voting for the bill?

Mrs. SULLIVAN. I will support it because I too have introduced legislation containing similar provisions, except, of course, the proposal to eliminate HUD's authority to regulate maximum settlement charges for FHA and VA mortgage transactions.

Mr. STEPHENS. I would like to acknowledge the great work done in this field by the gentlewoman.

I have said that the gentlewoman and

I, in this bill, are not very far apart. The gentlewoman has shown great leadership in this. I hope we can resolve this.

The only difference we really have is this, that the gentlewoman interprets section 701 to mean that legal fees will be regulated by the Federal Government. I say that if the Government intended to do that, far from interpreting it in that way, we had better get this matter out of the way because it was never intended for legal fees to be regulated out of Washington.

We cannot regulate the legal fees that people charge in Athens, Ga., on the same fair basis that we could in Missouri, New York, Washington, Maryland, or any other place. That is the only difference we have.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield further?

Mr. STEPHENS. I yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. Mr. Chairman, those regulations are to be used only when necessary, when settlement costs are found to be excessive.

Mr. STEPHENS. We have that. We have that provision in the law right now.

Mrs. SULLIVAN. The gentleman is correct. HUD was given this authority in section 701 of the Emergency Home Finance Act of 1970.

Mr. STEPHENS. Mr. Chairman, I know exactly what the gentlewoman is talking about. I have not said that the x number of dollars charged by lawyers should be regulated. That is why I am trying to keep this in line.

Mrs. SULLIVAN. Mr. Chairman, if the gentleman will yield further, he does not have to use x number of dollars. HUD can regulate where it is necessary and where excessive charges are made under the authority of section 701 which I just referred to.

I think it has been proven that because this feature is in the law now, some States have come to the realization that they should be enacting laws to correct this. That is why we feel that HUD's authority must be retained in the law in order to prompt the States to correct abusive practices instead of letting the Federal Government assume sole responsibility in this area.

Mr. STEPHENS. Mr. Chairman, if this section 701 which we have had has produced any State regulation, I have not heard of it.

In the second place, it is my recollection that in the State of New York they have made an attempt for the last 6 years to try to get a kickback passed through, and this has not forced them to do anything. I think one of the reasons for that is that they are going to wait and see whether we will preempt and then they will not have to take a stand on it.

Mr. BLACKBURN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think a very brief historic review of the events that have brought us to this particular legislation would be in order at this time.

As the Members will recall, in 1970 and 1971 there was a series of articles printed in the local papers here in the Metropolitan Washington area which exposed a series of abuses which were quite common in practice involving the real estate business.

For example, it was found that some real estate men would habitually receive kickbacks from the lawyers who were handling closing costs.

We found that some realtors would expect to be paid "finder's fees" by the insurance companies or the mortgage bankers who would handle the majority of their business.

We found that the fees that were being charged for services in many instances were unreasonable, and the reason that they were unreasonable is because the person charging the fee was not keeping the fee for his own use, but was dividing it with a number of participants in the transaction, and this division was unknown to the purchaser of the property.

As a result of these abuses which, in my opinion, were largely limited to the Metropolitan Washington area, a great deal of pressure did develop on the Congress to pass legislation. I felt at the time it was primarily a local problem, and that the bar associations in the local jurisdictions involved would deal with the problems promptly and effectively. As a matter of fact, the bar association did move to discipline those lawyers who were acting in an unethical manner, and these practices were terminated.

But in the Housing Act of 1970 we included section 701, in which dialog on the floor we established that it was never the purpose of section 701 of that Housing Act to grant to the Department of Housing and Urban Development an authority which they had never held before, and that would be an authority to regulate the charges of lawyers in the differing jurisdictions about our country.

We have to recognize that the services that are rendered by a lawyer in one jurisdiction may be far more complicated and his obligations may be far heavier, his personal responsibilities, his liabilities may be far greater in some jurisdictions than they are in others. It is because of the differing procedural aspects of handling closings of real estate, and because of the differing obligations of the lawyers involved, that it is absolutely impossible to establish any uniform Federal system of regulating closing costs, and we felt that by passing 701 and allowing the Department of Housing and Urban Development to merely monitor these charges, it would be sufficient. But shortly after we passed that Housing Act, we found that the Department of Housing and Urban Development was proposing to issue regulations which would have the effect of regulating legal fees throughout the United States.

At that time I called the dialog between myself and the gentleman from Texas, the chairman (Mr. PATMAN), to the attention of the Secretary of Housing and Urban Development, and they withdrew the regulations. But still the question has remained unanswered as to what extent the Federal Government should be involved in transactions primarily between private parties; that is, purchasers of real estate, sellers of real estate, and the mortgage bankers, or the savings and loan institutions who themselves handle real estate financing transactions.

This bill has been drawn in order to put at rest once and for all the proper role of the Federal Government in these private transactions involving real estate. What we are saying in effect is, we are outlawing in very clear and unequivocal language unethical practices which allow someone involved in a real estate closing, whether he be a lawyer or realtor, or anyone else to charge the purchaser of the property or the seller of the property a fee for services that are not rendered, and then perhaps to turn around and pay part of that fee to some other party who is not performing any useful function with regard to the closing.

This, of course, will help the home buyer to keep from being charged for services that are not necessary and that are not rendered.

When we discussed this, when the matter was before the committee, we had to consider whether or not we should put HUD in the business of regulating legal fees around the country, and the decision was made by the committee—and I think properly so—that such course would require such a massive bureaucracy. I think the committee followed the proper course of action when it rejected that role.

So what we did do was to make illegal certain practices which were found to occur in the past by eliminating the illegal kickbacks and the so-called finder's fees.

Second, we felt that the general public should be better advised as to just what are closing costs. We found that many members of the general public thought that every dime that they spent at the time of the closing went to the lawyer. In truth and in actuality, those individuals who have handled real estate closings know that the lawyer's fee is usually one of the smallest parts of the whole transaction.

Most of the money paid at time of closing will go into escrow for future taxes and a great deal of the money will go into escrow for insurance purposes, certain fees have to be paid for survey purposes, and the lawyer actually would get relatively little. So we felt in this bill one of the things which we would do was attempt to educate the public by compelling the person arranging for the closing to advise the buyer well in advance of the transaction as to exactly what he was going to be paying at the time of the closing and exactly how much those costs would be and for the purpose.

Third, in the bill we all recognize that title recordation and title searches are some of the more antiquated practices in the legal profession. We have developed very sophisticated machines, the computer industry which can very rapidly recall data from a memory bank for the benefit of the public, but the bar associations have never seen fit to utilize these modern technological devices. In this bill, in order to provide more progress in the

whole field of real estate recordation and indexing, we have provided authority for the Department of Housing and Urban Development to set up a model recording and recalling system for real estate indexing which would serve as a demonstration for jurisdictions and for bar associations around the country. This model system will in no way be binding on lawyers or bar associations or State jurisdictions, but it is hoped HUD by providing this leadership will set an example that the country can perhaps follow.

At least HUD will have taken a first step in providing leadership in bringing to the real estate industry title business the modern techniques and modern technology of computers and computer systems.

So, Mr. Chairman, I would urge my colleagues to adopt this bill. I would further urge them to resist any efforts to make substantial changes.

Mr. DENNIS. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Chairman, I thank the gentleman from Georgia for yielding.

Mr. Chairman, as I understand it this bill is directed at the kind of things that should be legislated against, but it occurs to me that, both in his philosophy and in my own, they are the type of things that should be left to the States of the Union to regulate, that is, matters relating to real estate law. I wonder if we are not departing from that philosophy.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Georgia.

Mr. STEPHENS. Mr. Chairman, I would not agree exactly with what the gentleman is saying, but what we are trying to say here is that these are federally supported loans, and in these areas we are talking about we would like to see some uniformity so as to ease the problems of and help the understanding of people all over the United States. The gentleman is generally correct but in these circumstances since they are Federal loans, then we do have a right to be in there, that normally we do not have.

Mr. BLACKBURN. Let me address myself to the gentleman's question and say the attitude he adopts is becoming less and less unusual but we find ourselves in this position, that there are many who argue that section 701 of the Housing Act, to which I referred earlier, does grant to HUD the authority to regulate these things vis-a-vis Federal loans all over the United States. I do not agree. But it came to my attention when HUD was proposing to try to write regulations, I intervened and called the attention of the Secretary to the dialog that took place between Chairman PATMAN and me at the time of the passing of that act.

As a result of that the Secretary of Housing and Urban Development withdrew the regulations, but his attorney said they still feel that this gives them that right. As a result of this contest between HUD and Congress, we felt this legislation should be brought to the floor to settle the matter once and for all as to what authority we did intend to grant to HUD.

Mr. DENNIS. I wonder if under section 106 we are not coming awfully close to regulating the amount of fees after all, because in the statement of the committee in the report it says, in regard to fees and so on, that they are not intended to be included in the prohibitions of the section so long as the payment "bears a reasonable relationship to the value of the goods or services rendered."

But if it does not, the section provides both criminal penalties and for civil suits; so I suppose, now under this section, that anytime anybody feels or claims that he is charged a fee by a lawyer, banker, insurance broker, realtor, or anyone else that he thinks is excessive, he could take it to court and have a jury decide what the reasonable value of the services is; could he not?

Mr. BLACKBURN. I would hope that would not be the case. The burden of proof would be on the plaintiff to prove that transaction. It would not be on the lawyer to prove it was not excessive. If we have a choice between two evils, between HUD setting a fee nationally to be set by law or to be litigated before a jury, I would prefer the jury course of action.

Mr. DENNIS. Well, I agree with the gentleman on that, but I do not know whether either evil is necessary.

Mr. BLACKBURN. I do not like to decide between evils; but sometimes it is necessary.

Mr. TREEN. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Louisiana.

Mr. TREEN. I thank the gentleman. I have several points I would like to cover. On page 16, referring to section 110, the gentleman touched on this in his remarks about the establishment on a demonstration basis of a model system or systems for the recordation of land parcels, the words I particularly direct attention to are: "The Secretary shall establish and place in operation on a demonstration basis" this model program.

Now, the procedure for registration of deeds and mortgages and so forth in many States, and I know particularly in my State of Louisiana, has a very substantive effect on the title rights and land rights.

It seems to me that the wording of this section is broad enough to give him the authority to go in and actually supersede the registration procedure in a given jurisdiction.

I would hope that is not the intent and we could establish that here, that it would only be voluntary, that the jurisdiction would voluntarily accept a demonstration project which would be consistent with its registration laws and not permit the Secretary to establish and put it in place. That has a far-reaching effect on State laws.

Mr. BLACKBURN. I do not think the gentleman is giving proper emphasis to the phrase that such an operation shall be on a demonstration basis; but we see in the bill, we see he can set it up in various areas of the United States, because we recognize that in different jurisdictions, differing methods and procedures do apply. A system which might be entirely feasible in one section of the country, in my State, for example, might well not be operational in the gentleman's State, because of different concepts of law which originally prevailed and still prevail in real estate transactions; so the real emphasis here, I think, should be on a demonstration basis.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Georgia.

Mr. STEPHENS. I will say as far as I can understand and in my conversation with other Members who cosponsored this legislation, it is not intended in any way by this section that HUD would do anything other than say this is an experiment for everybody to look at. If we would like to have it adopted, we can adopt it by our own State laws, if we think so. It is a recommendation.

Now, it would be similar to what we did when we suggested that there be a model breakthrough kind of construction. That was to be a demonstration as to the way we could have a breakthrough in building costs, that it did not mean everybody had to build a house in the same way. This is what we mean by this.

Mr. BLACKBURN. I will have to terminate and reserve the balance of my time, because there are others who would like to address themselves to this subject. If I have time, then I will be glad to answer further questions.

Mr. BARRETT. Mr. Chairman, I yield 7 minutes to the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Chairman, may I answer the gentleman from Louisiana first, before I go into my statement?

I have an amendment which I think will take care of the problem which concerns the gentleman. It comes at the very end of the bill and is very short. It says:

> This act does not preclude any additional requirement imposed upon any participant in any residential real estate transaction covered by this act under the law of any State.

State law, where it is consistent with the provisions of this act, would not be preempted.

Mr. TREEN. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Louisiana.

Mr. TREEN. I appreciate what the gentlewoman is saying. I fail to see how that would prevent or have any bearing on section 110. That is the section suggesting that the Secretary could establish a model system for recording.

Mrs. SULLIVAN. It could establish it, but if the State has a law in this area, the State law would prevail as long as it was as strong as the Federal statute.

Mr. TREEN. I thank the gentlewoman.

Mrs. SULLIVAN. Mr. Chairman, H.R. 9989, the Residential Real Estate Procedures Act of 1974, has been labeled a real estate settlement reform bill. As Chairman PATMAN noted a moment ago, with one very serious exception, it conforms to that description.

But that exception—the existence of

section 102(c) in this bill which repeals HUD's authority to regulate maximum settlement charges for FHA and VA mortgage transactions is so damaging in my view that it makes the rest of the bill totally unacceptable.

I can and do support all of its disclosure requirements and all of its prohibitions against abusive practices. Indeed, for the most part all of the other sections of H.R. 9989 were taken from a bill which I introduced last year.

But section 102(c) turns this bill into a giant step backward in the effort to achieve real settlement reform, something that can only be accomplished by regulation of maximum settlement costs, when necessary.

Because of section 102(c), every consumer-oriented organization that I know of vehemently opposes H.R. 9989 even though they favor most and would accept all of its other provisions. They oppose the bill because 102(c), by eliminating HUD's authority to regulate maximum settlement charges when necessary for FHA and VA mortgage transactions, turns the bill into a shield for the very people responsible for scandalously abusive real estate settlement practices.

In addition, section 102, instead of supporting the bill's basic consumer protection structure, calls for yet another study by HUD of settlement cost problems. It does this despite the fact that the problems have been studied to death by HUD and by many others—the Washington Post, the Government Operations Committee, an ad hoc subcommitee on inter city financing which I chaired, the House Banking and Currency Housing Subcommittee and the full committee itself. It does this despite the fact that HUD long ago concluded that regulation of maximum settlement costs is unquestionably needed—a conclusion that prompted the Department to draft proposed regulations for settlement transactions involving FHA and VA mortgage transactions in six metropolitan areas.

HUD's failure to implement these regulations where it was necessary reflects its complete capitulation to pressures exerted by the settlement industry, rather than to any real inability to act. Approval of section 102, even though all the other provisions of the bill are sound and are needed to protect home buyers and homeowners, ratifies HUD's capitulation and makes the Members of the House equal parties to it.

Why is it that every spokesman for those who provide settlement services testified before the Housing Subcommittee in favor of H.R. 9989 in its present form? Why is it they are all too ready to accept all of the disclosure requirements and the prohibitions of the bill so long as it contains section 102(c) which repeals HUD's authority to regulate maximum settlement charges for FHA and VA mortgage transactions? The answer is obvious to anyone who cares enough to look at the problem without political blinders.

The settlement industry knows that without regulation of settlement costs all the other provisions of the bill are weak—so weak that they probably will be largely ineffective in terms of really protecting consumers against abusive settlement practices. The truth of the matter is that without the means to regulate, there are no teeth in this legislation. What good does it do to provide FHA and VA homebuyers with a means to detect excessive settlement charges if there is no way to prevent excessive charges from being made? All we are doing with H.R. 9989, so long as it contains section 102(c) is to provide home buyers and homeowners with the means to be well informed of the fact that they are being ripped off. If they do not like it, they can rent instead of buy. That is the alternative that will be handed to them.

Admittedly, HUD has never fulfilled its responsibility to implement its authority to regulate charges, something that can only be classed as pathetic in the light of the desperate need for protection against inflated and unnecessary charges for low- and moderate-income FHA and VA borrowers. HUD should use this authority immediately—use it in every area of the country where it is needed.

Two years ago, the Department published its proposed maximum settlement charge regulations for six metropolitan areas. So it is now 2 years late in responding to a congressional mandate to protect the public interest, insofar as FHA and VA home loan borrowers and federally assisted housing programs are concerned. But it is never too late to act, unless the Members of the House approve section 102(c) and thereby cooperate with HUD in its efforts to escape responsibility.

Moreover, it should be recognized that even though HUD has failed to use its authority to regulate settlement costs, the existence of that authority is being felt in a growing number of States. It has been enough to prompt the legislatures of New York, Massachusetts, Connecticut, Maryland, and North Carolina to adopt settlement reform measures. Similar bills are and will increasingly be under consideration in other States.

Action on the State level is occurring, because State legislators are becoming aware that HUD, by a simple administrative decision, can step into the field overnight, and take over a lot of territory that the States could reserve for their own authority in the field of residential real estate regulation. If we adopt H.R. 9989 with section 102 left intact, we will be serving notice to all the States that the pressure is off, that the Federal Government is really no longer concerned with settlement reform, even to protect FHA and VA home buyers, let alone conventional mortgage borrowers.

By the same token, the pressure for State action is being felt by the settlement industry, and this is one of the basic reasons why they want HUD's authority to regulate maximum settlement charges repealed, even though it has not been used. The settlement industry knows that as long as that authority exists, many States will be prompted to act and the opportunity to overcharge and deceive home buyers and homeowners will be curtailed if not completely eliminated in many parts of the country.

If nothing else, this point explains the massive volume of mail that has been directed at Members of Congress by lawyers, by lenders, by real estate developers and agents, by title insurance companies and by others who are desperately trying to preserve what they considered to be their right to victimize the home buying and homeowning public.

Personally, I feel that H.R. 9989, even if section 102 were stricken from it, does not go nearly far enough in protecting the public interest. It is self-evident that if FHA and VA residential mortgage borrowers—the people most in need of help—deserve protection in the form of maximum settlement charge regulation, then conventional mortgage borrowers, who comprise the vast majority of settlement industry customers, need it equally as much. It is a source of bitter disappointment to me that the Banking and Currency Committee did not see fit to expand HUD's authority to regulate conventional as well as FHA and VA settlement transactions. But if we are not prepared at this time to go further, we should at least preserve the authority to regulate what was given to HUD 4 years ago.

Mr. Chairman, there are two other issues with which I am seriously concerned.

Section 103 of the bill directs the Secretary of HUD to develop a standard form for the statement of settlement costs. The section requires that the form shall include all information and data that must be provided under the Truth-in-Lending Act and may be used in satisfaction of the disclosure requirements of that Act.

Section 105 of the bill sets forth the requirements for advance disclosure of settlement costs, using the standard form, and states the penalty for violators. This section allows borrowers under conditions to be prescribed by the Secretary of HUD, to waive the requirement that settlement costs be disclosed at the time the loan commitment is made. It also limits borrowers to bringing a single cause of action, or one separate legal action for failure to make advance disclosure, under both this act and the Truth-in-Lending Act. A borrower can sue under one, but not both acts, when he feels that the disclosure requirements of one or of both acts have been violated.

I wish it to be clearly understood that section 105 does not provide for waiver by the borrower of his substantive rights under the Truth-in-Lending Act, but merely goes to the procedural point, that he must choose to sue under only one of the two acts. I consider it extremely important that this distinction be understood.

Mr. Chairman, the major thrust of H.R. 9989 is to provide residential mortgage borrowers with advance disclosure of settlement costs and settlement information. The advance disclosure requirements pertaining to settlement costs should in no way be unduly blunted by loosely drawn waiver regulations to be developed by the Secretary of HUD, who is required to consult in this matter with the Federal Reserve Board. I am fully aware that there may be instances of hardship requiring waiver but waiver under conditions other than real hard-

ship should not be allowed. The basic thrust of the bill is timely disclosure and everything should be done to provide it.

In this connection, I wish to point out that the Federal Reserve Board has developed and implemented stringent conditions for waiver of disclosure rights under the Truth-in-Lending Act. In the absence of any statement to the contrary in this debate, it is my understanding that the truth-in-lending waiver regulations should be used as a firm guide for regulations on waiver of advance disclosure of settlement costs under H.R. 9989, the Real Estate Settlement Procedures Act of 1974.

Mr. Chairman, section 106 provides prohibitions against the payment of kickbacks and unearned fees among persons providing settlement services. Subsection (c) states that nothing in this section shall be construed as prohibiting the payment of a fee to attorneys for services actually rendered, or by a title insurance company to its duly appointed agent for services actually performed in the issuance of title insurance policies.

One of the most abusive practices now prevalent in settlement transactions is the payment of a title insurance commission to attorneys representing one or more parties involved in settlement transactions. The fact that an attorney can and will cast himself in the role of representing the interests of the lender and the borrower, constitutes an obvious conflict of interest situation. That in itself is bad enough. But the situation is made even worse when such an attorney collects a commission on the issuance of a title insurance policy to the borrower and/or the lender. The attorney has done virtually nothing to earn this fee which can range from 25 percent to 40 percent of the policy premium. Aside from collecting an unearned fee, such an attorney is spreading his conflict of interest situation still further by assuming a third position of being an agent-representative of the title insurance company whose interests do not coincide with those of either the borrower or the lender.

Mr. Chairman, the Virginia State Bar has formally condemned the practice of paying title insurance commissions to attorneys providing legal services in settlement transactions. It is my understanding, in lieu of any statement to the contrary, that the prohibitions contained in section 106 include one, intended to include a prohibition against the payment of title insurance commissions to attorneys who are providing legal services in the same settlement transactions because these would not be fees for services actually rendered.

Mr. Chairman, common decency and justice require that the very least we can do is to adopt H.R. 9989 to give the home buying public the protection it should have through the disclosure requirements and the prohibitions contained in the bill. But we should only do this if we strike section 102(c) and thereby send HUD a message that it is the intent of Congress that it immediately begin using its authority to regulate maximum settlement charges for FHA and VA mortgage transactions.

Furthermore, we should do it with the understanding that the disclosure requirements of the bill can be waived only under conditions which I have described and that the prohibitions against kickbacks and unearned fees extend to the payment of title insurance commissions to attorneys providing legal services in settlement transactions, and that all the prohibitions in this and other sections be stringently applied to achieve maximum benefits and protection for home buyers and homeowners.

ESCROW ACCOUNTS

One of the many deficiencies of this bill is its failure to address the issue of escrow accounts for taxes and insurance in residential real estate mortgage practices. The bill calls for a study by the Federal Reserve Board to determine the feasibility of requiring interest to be paid to the home buyer on the amounts set aside each month toward real estate taxes and casualty insurance. This is a proposal we incorporated into the omnibus housing bill in 1972 as part of an effective approach to real estate settlement abuses, but the 1972 Housing bill died in the Rules Committee.

Immediately thereafter, I turned to the General Accounting Office to make the kind of escrow study which the housing bill would have required the Federal Reserve to make. The GAO did undertake such a study and it was most comprehensive. At the same time, however, it was inconclusive as to the feasibility of requiring interest to be paid on escrow accounts, pointing out that while the larger real estate lending institutions tended to profit significantly from the incomes derived from the temporary use of the interest-free escrow accounts, smaller savings and loans in general did not, because the costs of maintaining these accounts pretty much equaled or even exceeded the revenues received from the use of the escrow money prior to the date when taxes or insurance was due.

Consequently, in revising my real estate settlement reform bill for reintroduction in the 93d Congress, I provided in H.R. 12066 for an option to the home buyer to pay his own taxes and insurance, if he so desired rather than being required to hand over to the lender interest-free each month one-twelfth of the estimated taxes and insurance charges for the year. If the home buyer wanted to allow the lender to continue paying these charges through escrow accounts, then the home buyer would have the right to negotiate with the lender for some share of the interest revenues derived by the lender from investment of the escrow funds. There would be no requirement that the lender had to pay the home buyer interest on his escrow account, but I am sure many lenders would see a competitive advantage in offering or agreeing to pay some interest on escrow moneys.

Let me point out that what we are talking about is a figure in excess of $9 billion a year, according to the GAO study made at my request. That is what the GAO investigators estimated as the total amount of tax and insurance money put aside by home buyers each year in compulsory escrow accounts maintained by the lenders on residential real estate.

Since the GAO study was made, some States have gone ahead and passed legislation requiring interest to be paid on escrow accounts. And interest rates have skyrocketed to such an extent that the revenues derived by lenders from the temporary use of this $9 billion are undoubtedly substantially higher now than they were when the GAO study was made. So I have no objection to a further study being undertaken by the Federal Reserve based on developments since the GAO made its study.

But I am disappointed that the Committee on Banking and Currency did not pursue the option proposed in H.R. 12066 to allow home buyers to have the right to pay their own taxes and insurance as long as they demonstrate the ability and willingness to pay these necessary charges when due. If a home buyer then failed to pay his taxes or insurance when due, the lender would then have the right to step in and pay them and charge a penalty. The lender's interest would be protected, but the home buyer would have an option not now available in most instances.

Mr. BLACKBURN. Mr. Chairman I yield 2 minutes to the gentleman from New Jersey (Mr. WIDNALL).

Mr. WIDNALL. Mr. Chairman, I would like to commend the gentleman from Georgia (Mr. STEPHENS) for his statement on H.R. 9989, and for the many months of hard work it took to bring this bill to the floor of the House. I was one of the original cosponsors of this legislation. I supported it then, and I support it now.

There are many important reforms encompassed in this legislation, as Mr. STEPHENS has pointed out. It recognizes the intelligence of the American home buyer and treats him or her as a mature individual. The bill takes note of the fact that the cloak of the unknown has always been draped over the subject of settlement cost and that some abuses have resulted. However, unlike many other laws we have been prone to pass in recent years, this bill says that we will not regulate a whole industry to get at that small fraction of the industry which has caused abuses. In this bill, we spell out the home buyer's "right to know" and assure him the information necessary to make his own rational judgment concerning his settlement arrangements.

We accomplish this in several ways. We would require that a uniform settlement statement and special information booklet, approved by the Secretary of HUD, be used in all settlement activities starting when an application for a mortgage loan is made. Also, settlement costs would have to be disclosed in advance. Providing this information to the home buyer will certainly add to the understanding of settlement practices and help purify some of its less enlightened traits.

In addition, this bill would provide stringent penalties in cases where there are kickbacks or where unearned fees are charged to a home buyer. For violation of the prohibitions in this bill, both criminal and civil penalties are proposed.

Surely these provisions, along with a limitation on advance escrow payments, will serve to resolve the vast majority of abuses cited by critics of the present system. It would, therefore, seem appropriate to enact this legislation without taking the drastic approach of calling for HUD regulation of all settlement costs. This is especially true since this legislation instructs HUD to report back after evaluation of the operation of these provisions on the necessity of further congressional action.

I urge my colleagues to support this legislation as a well-balanced and rational approach to a serious problem affecting the largest single purchase commitment many people ever make. Let us pass H.R. 9989 and solve the consumer's problems with an industry without destroying the industry or its various components.

Mr. BARRETT. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. HANNA).

Mr. HANNA. Mr. Chairman, I thank the chairman of the subcommittee for yielding this time to me.

Mr. Chairman, this legislation that is before us today is the result of compromising the legislative thrust to get at some real problems, as has been pointed out by the gentleman from Georgia (Mr. STEPHENS), and echoed in the remarks of the gentleman from New Jersey (Mr. WIDNALL).

We have found that when we get into a problem that is present across the United States, we are always dealing with a complex situation. There are so many different conditions in a country as large as ours. I point out to the Members, as indicated by the gentleman from Louisiana, that we have there a State where the laws go back to the Napoleonic Code. Out my way in real estate we have the Torrens Titles. This is different from the practices in other States.

So we have some very basic differences upon which to predict real estate transactions, and the costs associated with them will reflect those differences.

So, Mr. Chairman, what we have done in this legislation is take an approach that does not try to go too far and get us mired down trying in our first effort to deal with the distinctions and differences that do exist and yet go far enough to give the basic protections which we think are absolutely necessary in the face of the malpractices and evils which were uncovered by the committee.

I think this House should give a very strong vote of thanks to the gentlewoman from Missouri (Mrs. SULLIVAN), because much of the basis for this legislation was created by her good works. I think that we should be very happy that the gentleman from Georgia (Mr. STEPHENS) and the Members of the committee were able to take the good start that was made and put it into a posture where the legislation will be acceptable everywhere in the United States and will address itself to the basic problems that we hope to solve.

Mr. BARRETT. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I would just like to point out that the Federal Housing Administration first came into existence in 1934. That very wise legislation created a need for a uniformity of title insurance and a method of transferring universal loan instruments from State to State. It has greatly increased the liquidity of the mortgage market, enabling people to transfer mortgages back and forth across the country. That liquidity and that ability to transfer mortgages back and forth across the country have further been increased by Fannie Mae, Freddie Mack, and other types of second mortgage markets which have been established.

Mr. Chairman, I point out to my colleagues, those who are attorneys, that no less an authority than Chief Justice Burger, at the American Law Institute, said the following:

> Another important area of law that sooner or later touches the lives of almost every American is the purchase of a home. One can hardly imagine an American who does not wish to own his own home. . . .
>
> However, title and transfer processes cry out for reexamination and simplification. They are unduly complex and therefore unduly expensive. The cost standard should be the reasonable value of the services based on the time required and the degree of responsibility involved.

I submit that without some kind of Federal authority there is no way that we can ever act as a catalyst to urge our lawmakers across the country in the various States to work toward reforms that cannot but help benefit the average home owner and purchaser.

I would point out that on a modest size transaction today the cost is $552 for title insurance, title examination, attorneys' fees, and miscellaneous closing fees such as drawing papers, closing and escrow fees, while the cost of a title to a DC–8 or a 707 airplane, a guaranteed title free of liens, with the examination of all possible encumbrances, is $5.

It seems to me that through Federal regulations we have accorded the airlines, the major banks and the major insuring companies with protection to a title for $5, but we cannot help the low-income people in this country transfer costs on a low-income home as reasonably.

Mr. BLACKBURN. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. BURGENER).

Mr. BURGENER. Mr. Chairman, I thank the gentleman from Georgia for yielding me this time.

Mr. Chairman, most everybody here supports the bill. However, the argument will center around whether or not section 701 be repealed in this bill.

Amendments will be offered to do just that, and I would urge that those amendments not be accepted.

The following information might be of some help to the Members, and that is that HUD and the VA did a study in 1972 of the closing costs of FHA and VA transactions. They studied 50,605 of them, and they found the average closing cost was $1,937.

I think it is important to point out that the portion of those closing costs with which section 701 could effectively deal was only $207 of the $1,937, and that about $1,700 of it could not be reached.

So that even if we placed a lot of confidence in what HUD could or would do, it could only address itself to such things as credit reports, surveys, title examination, title insurance, closing fees, and termite inspections, but HUD could do anything about, and probably should not do anything about, such things as recording fees, transfer fees, sales commissions, and in many counties and States, particularly in Maryland, county and State transfer taxes and special local taxes. These are proper subject for local scrutiny and regulation.

I think we ought to, at least as we get into the amending process, not rely very heavily on assurances that section 701, even if retained, would be much of a protection.

I hope and trust the bill will be adopted in its present form.

Mr. BLACKBURN. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. HANLEY).

Mr. HANLEY. Mr. Chairman, I rise in support of this legislation. I commend the initiative on the part of the gentleman from Georgia (Mr. STEPHENS). I am aware of the efforts that the gentleman has put into this legislation which, in essence, puts into a better perspective the matter of title and closing costs.

Mr. EDWARDS of California. Mr. Chairman, I will vote "present" on the bill now before us, because my ownership of common stock in a California title company would make my participation in these proceedings inappropriate.

Mrs. BURKE of California. H.R. 9989 as reported by the Banking and Currency Committee appears to be progressive and consumer oriented, but in actuality, it is regressive as it affects the consumer. As presently written this bill can only be characterized as "anticonsumer" legislation.

While this bill does provide for a number of minor reforms such as provisions requiring greater disclosure of settlement charges, and provisions against kickbacks and fee arrangements by lenders in federally related mortgage transactions, its overall effect would be to wipe out the only Federal authority charged with maintaining regulatory controls over settlement costs.

Those who describe H.R. 9989, in its present form, as being a consumer protection bill are guilty of mislabeling. The elimination of HUD's regulatory authority mandated by section 701 of the Emergency Home Finance Act of 1970 is clearly inconsistent with our commitment to further the national housing goal of homeownership.

During 1973 there were more than 568,000 FHA and VA real property transactions in this country. In Los Angeles alone there were more than 25,000 such transactions. As a result of section 701 regulations these buyers saved more than $2.5 million in settlement costs.

Although HUD has refrained from

utilizing the provisions of section 701, the mere existence of these regulations has motivated many States to adopt real estate settlement measures of their own. It has also encouraged the real estate settlement industry to exercise a degree of restraint and self-control in order to eliminate the possibility of governmental controls.

The low- and moderate-income home buyers who most often utilize FHA and VA financing are also the ones most often victimized by excessive settlement charges. They must be protected.

In this period of spiraling inflation and rapidly increasing housing costs the poor- and moderate-income buyer needs more, not less protection from excessive settlement costs.

If the federally assisted home buyer is to be protected section 102(c) of H.R. 9989 must be deleted. I urge my colleagues to join me in supporting the amendment before us today. Without this amendment this bill is totally inadequate and unacceptable.

Mrs. HECKLER of Massachusetts. Mr. Chairman, one of the key issues before us today is whether or not we should continue in law section 701 of the Emergency Home Finance Act of 1970. I will support an amendment to retain this authority, because it provides us with a monitor on settlement costs, and serves as a stimulus to reform of real estate transaction procedures by legislatures, bar associations, and other appropriate organizations.

It is important to delineate just what the effect will be of continuation of section 701. The rate-setting authority contained in that statute would be used only in those areas where settlement charges are excessive, taking into account the requirement of local and State jurisdictions. Section 701 does not authorize a nationwide program of maximum rates for every locality; if it did, I would not support it.

Indeed, I want to make it clear that I do not support the "socialization of law," and I am satisfied that retention of section 701 will not lead us in that direction. In the first place, section 701 would not apply in the vast majority of States, because in most cases the home buyer and seller do receive full value for the charges they pay to attorneys, title insurors, and others. The authority would be applied only in those areas where clear abuse exists, and the committee has determined that flagrant abuses do take place in certain sections of this country, such as the District of Columbia.

At the other end of the spectrum is New England, where settlement costs are low and abuses simply do not occur. We are very fortunate in New England, and I give credit to our attorneys, conveyancers, title insurors, and so forth in that region for leading the way to reform of real estate transactions.

I also want to point out that I do place great value on the services performed by real property attorneys and title insurors. A clear title is critically important in a real estate transaction, and given the patchwork of antiquated recordkeeping systems still in existence in most areas, proving a clear title requires a good deal of time, careful scrutiny, and experience. I believe that home buyers and sellers are generally well served by these professional people, and section 701 is not designed to impinge on them.

It is important to remember that State and local governments also have a responsibility to help lower settlement costs. The simplification and reform of outdated title recording systems, and the reduction of exorbitant recording fees and transfer taxes will go further than any Federal legislation toward the goal of reasonable settlement costs. We in this Chamber can help, however, by retaining section 701 as an impetus to continued reform. State legislatures and county councils should take note of the concern we express here today on behalf of millions of home buyers, and remove these hidden revenue-raising instruments.

Finally, I would like to remind my colleagues that authority to regulate rates under section 701 applies only to settlements involving FHA and VA insured mortgages. These are settlements involving low- and moderate-income home buyers, and I believe that we have a responsibility to provide these people with every protection we can against unscrupulous practices. In view of the Federal participation in insuring the mortgage, I believe that there is a legitimate Federal interest in preventing undue settlement costs.

This is a very limited authority, aimed at controlling specific instances of abuse, and is not intended to provide Government regulation of fees and charges across the board or across the country. It is on this basis that I support the amendment and should the amendment pass I expect wise use of the authority.

Mr. BLACKBURN. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be referred to as the "Real Estate Settlement Procedures Act of 1973."

DEFINITIONS

SEC. 101. For purposes of this Act—

(1) the term "federally related mortgage loan" includes any loan which—

(A) is secured by residential real property designed principally for the occupancy of from one to four families; and

(B) (i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is itself regulated by any agency of the Federal Government; or

(ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary or a housing or related program administered by any other such officer or agency; or

(iii) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

(iv) is made in whole or in part by any "creditor", as defined in section 103(f) of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year;

(2) the term "thing of value" includes any payment, advance, funds, loan, service, or other consideration;

(3) the term "title company" means any institution which is qualified to issue title insurance, directly or through its agents, and also refers to any duly authorized agent of a title company;

(4) the term "person" includes individuals, corporations, associations, partnerships, and trusts;

(5) the term "settlement services" includes the following services when provided in connection with a real estate settlement: title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, property surveys, the rendering of credit reports, pest and fungus inspections, and the handling of the closing or settlement; and

(6) the term "Secretary" means the Secretary of Housing and Urban Development.

REPORT OF THE SECRETARY ON NECESSITY FOR FURTHER CONGRESSIONAL ACTION

SEC. 102. (a) The Secretary, after consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board, and after such study, investigation, and hearings as he deems appropriate, shall, within two years from the effective date of this Act, report to the Congress on—

(1) whether, in view of the implementation of provisions of this Act imposing certain requirements and prohibiting certain practices in connection with real estate settlement services, there is any necessity for the establishment of maximum charges for real estate settlement services in connection with the financing of housing constructed, purchased, or rehabilitated with the assistance of federally related mortgage loans; and, if there is such necessity,

(2) whether reasonable and justifiable charges for real estate settlement services can be effectively obtained by means of State or local regulation that meets certain federally established minimum standards, and, if so, what those standards should be.

(b) Section 701 of the Emergency Home Finance Act of 1970 is repealed.

UNIFORM SETTLEMENT STATEMENT

SEC. 103. The Secretary, in consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, shall develop and prescribe a standard form for the statement of settlement costs which shall be used (with such minimum variations as may be necessary to reflect unavoidable differences in legal and administrative requirements or practices in different areas of the country) as the standard real estate settlement form in all transactions in the United States which involve federally related mortgage loans. Such form shall conspicuously and clearly itemize the charges imposed upon both the borrower and the seller in connection with the settlement, and shall indicate whether the title insurance premium included in such charges covers or insures the lender's interest in the property, the borrower's interest, or both. Such form shall include all information and data required to be provided for such transactions under the Truth-in-Lending Act and the regulations issued thereunder by the Federal Reserve Board, and may be used in satisfaction of

the disclosure requirements of that Act, and shall also include provision for execution of the waiver allowed by section 105(c).

SPECIAL INFORMATION BOOKLETS

SEC. 104. (a) The Secretary shall prepare and distribute special booklets to help persons borrowing money to finance the purchase of residential real estate to better understand the nature and costs of real estate settlement services. The Secretary shall distribute such booklets to all lenders which make federally related mortgage loans.

(b) Each booklet shall be in such form and detail as the Secretary shall prescribe and, in addition to such other information as the Secretary may provide, shall include in clear and concise language—

(1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement;

(2) an explanation and sample of the standard real estate settlement form developed and prescribed under section 103;

(3) a description and explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;

(4) an explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement.

Such booklets shall take into consideration differences in real estate settlement procedures which may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory.

(c) Each lender referred to in subsection (a) shall provide the booklet described in such subsection to each person from whom it receives an application to borrow money to finance the purchase of residential real estate. Such booklet shall be provided at the time of receipt of such application.

(d) Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

ADVANCE DISCLOSURE OF SETTLEMENT COSTS

SEC. 105. (a) Any lender agreeing to make a federally related mortgage loan shall provide or cause to be provided to the prospective borower, and to any officer or agency of the Federal Government proposing to insure, guarantee, supplement, or assist such loan, at least ten days prior to settlement upon the standard real estate settlement form developed and prescribed under section 103, and in accordance with regulations prescribed by the Secretary, an itemized disclosure in writing of each charge arising in connection with such settlement. For the purpose of complying with this section, it shall be the duty of the lender agreeing to make the loan to obtain or cause to be obtained from persons who provide or will provide services in connection with such settlement the amount of each charge they intend to make. With respect to any charges arising in connection with the settlement, in the event the exact amount of any such charge is not available, a good faith estimate of such charge may be provided.

(b) If any lender fails to provide a prospective borrower with the disclosure as required by subsection (a), it shall be liable to such borrower in an amount equal to—

(1) the actual damages involved or $500, whichever is higher, and

(2) in the case of any successful action to enforce the foregoing liability, the costs of the action together with a reasonable attorney's fee as determined by the court;

except that a lender may not be held liable for a violation in any action brought under this subsection if it shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures adopted to avoid any such error.

(c) The provisions of subsection (a) shall be deemed to be satisfied with respect to any settlement involving a federally related mortgage loan if the disclosure required by subsection (a) is provided at any time prior to settlement and the prospective borrower executes, under terms and conditions prescribed by regulations to be issued by the Secretary after consultation with the Federal Reserve Board, a waiver of the requirement that the disclosure be provided at least ten days prior to such settlement.

(d) With respect to any particular transaction involving a federally related mortgage loan, no borrower shall maintain an action or separate actions against any lender under both the provisions of this section and the provisions of section 130 of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1640).

PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES

SEC. 106. (a) No person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement involving a federally related mortgage loan shall be referred to any person.

(b) No person shall give and no person shall accept any portion, split or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan, other than for services actually performed.

(c) Nothing in this section shall be construed as prohibiting (1) the payment of a fee (i) to attorneys at law for services actually rendered or (ii) by a title company to its duly appointed agent for services actually performed in the issuance of a policy of title insurance or (iii) by a lender to its duly appointed agent for services actually performed in the making of a loan, or (2) the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed.

(d) (1) Any person or persons who violate the provisions of this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(2) In addition to the penalties provided by paragraph (1) of this subsection, any person or persons who violate the provisions of subsection (a) shall be jointly and severally liable to the person or persons whose business has been referred in an amount equal to three times the value or amount of the fee or thing of value, and any person or persons who violate the provisions of subsection (b) shall be jointly and severally liable to the person or persons charged for the settlement services involved in an amount equal to three times the amount of the portion split, or percentage.

LIMITATION ON RETIREMENT OF ADVANCE DEPOSITS IN ESCROW ACCOUNTS

SEC. 107. No lender, in connection with a federally related mortgage loan, shall require the borrower or prospective borrower—

(1) to deposit in any escrow account which may be established in connection with such loan for the purpose of assuring payment of taxes and insurance premiums with respect to the property, prior to or upon the date of settlement, an aggregate sum (for such purpose) in excess of—

(A) in any jurisdiction where such taxes and insurance premiums are postpaid, the total amount of such taxes and insurance premiums which will actually be due and payable on the date of settlement and the pro rata portion thereof which has accrued, or

(B) in any jurisdiction where such taxes and insurance premiums are prepaid, a pro rata portion of the estimated taxes and insurance premiums corresponding to the number of months from the last date of settlement,

plus one-twelfth of the estimated total amount of such taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the date of settlement; or

(2) to deposit in any such escrow account in any month beginning after the date of settlement a sum (for the purpose of assuring payment of taxes and insurance premiums with respect to the property) in excess of one-twelfth of the total amount of the estimated taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the first day of such month, except that in the event the lender determines there will be a deficiency on the due date he shall not be prohibited from requiring additional monthly deposits in such escrow account of pro rata portions of the deficiency corresponding to the number of months from the date of the lender's determination of such deficiency to the date upon which such taxes and insurance premiums become due and payable.

DISCLOSURE OF PREVIOUS SELLING PRICE OF EXISTING REAL PROPERTY

SEC. 108. (a) No lender shall make any commitment for a federally related mortgage loan unless it has confirmed that the following information has been disclosed in writing by the seller or his agent to the buyer—

(1) the name and address of the present owner of the property being sold;

(2) the date the property was acquired by the present owner (the year only if the property was acquired more than two years previously);

(3) whether any options or contracts to sell are outstanding in regard to the property, and if so, the amount involved in such options or contracts; and

(4) if the seller has not owned the property for at least two years prior to the date of the loan application and has not used the property as a place of residence, the date and purchase price of the last arm's length transfer of the property, a list of any subsequent improvements made to the property (excluding maintenance repairs) and the cost of such improvements.

(b) The obligations imposed upon a lender by this section shall be deemed satisfied and a commitment for a federally related mortgage loan may thereafter be made if the lender receives a copy of the written statement provided by the seller to the buyer supplying the information required by subsection (a).

(c) Whoever willfully provides false information under this section or otherwise willfully fails to comply with its requirements shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

FEE FOR PREPARATION OF TRUTH-IN-LENDING AND UNIFORM SETTLEMENT STATEMENTS

SEC. 109. No fee shall be imposed or charge made upon any other person (as a part of settlement costs or otherwise) by a lender in connection with a federally related mortgage loan made by it (or a loan for the purchase of a mobile home), for or on account of the preparation and submission by such lender of the statement or statements required (in connection with such loan) by sections 103 and 105 of this Act or by the Truth-in-Lending Act.

ESTABLISHMENT ON DEMONSTRATION BASIS OF LAND PARCEL RECORDATION SYSTEM

SEC. 110. The Secretary shall establish and place in operation on a demonstration basis, in representative political subdivision (selected by him) in various areas of the United States, a model system or systems for the recordation of land parcels in a manner and form calculated to facilitate and simplify

land transfers and mortgage transactions and reduce the cost thereof, with a view to the possible development (utilizing the information and experience gained under this section) of a nationally uniform system of land parcel recordation.

TITLE COMPANIES

SEC. 111. (a) No seller of property that will be purchased with the assistance of a federally related mortgage loan shall require directly or indirectly, as a condition to selling the property, that title insurance covering the property be obtained from any particular title company.

(b) Any seller who violates the provisions of subsection (a) shall be liable to the buyer in an amount equal to three times all charges made for such title insurance.

LIMITATIONS AND DISCLOSURES WITH RESPECT TO CERTAIN FEDERALLY RELATED MORTGAGE LOANS

SEC. 112. (a) The Federal Deposit Insurance Act is amended by adding at the end thereof the following new section:

"SEC. 24. (a) No insured bank, or mutual savings or cooperative bank which is not an insured bank, shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the bank. At the request of the Corporation, the bank shall report to the Corporation on the identity of such person and the nature and amount of the loan, discount, or other extension of credit; and the Corporation may make available to the public the information contained in any such report.

"(b) In addition to other available remedies, this section may be enforced with respect to mutual savings and cooperative banks which are not insured banks in accordance with section 8 of ths Act, and for such purpose such mutual savings and cooperative banks shall be held and considered to be State nonmember insured banks and the appropriate Federal agency with respect to such mutual savings and cooperative banks shall be the Federal Deposit Insurance Corporation."

(b) Title IV of the National Housing Act is amended by adding at the end thereof the folowing new section:

"SEC. 415. No insured institution shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the institution. At the request of the Federal Home Loan Bank Board, the insured institution shall report to the Board on the identity of such person and the nature and amount of the loan; and the Board may make available to the public the information contained in any such report."

(c) The Federal Deposit Insurance Corporation or the Federal Home Loan Bank Board as appropriate may by regulation exempt classes or types of transactions from the provisions added by this section if the Corporation or the Board determines that the purposes of this section would not be advanced materially by their application to such transactions.

STUDY CONCERNING PAYMENT OF INTEREST ON CERTAIN ESCROW ACCOUNTS

SEC. 113. (a) The Board of Governors of the Federal Reserve System is authorized and directed to conduct a study of escrow accounts maintained by lenders in connection with mortgage loans which require borrowers to make periodic prepayment of taxes, insurance, and other items with respect to residential real property, in order to determine the feasibility of requiring lenders to pay interest on such accounts. The results of such study shall be transmitted by the Board of Governors to the Congress in the form of a report on or before June 30, 1974.

(b) The report referred to in subsection (a) shall include, but need not be limited to, the following information—

(1) the cost to lenders of maintaining such escrow accounts and the basis for the determination of such cost;

(2) the profit made or loss sustained, if any, by lenders with respect to such escrow accounts and the basis for the determination of such profit or loss;

(3) a comparison of the cost to lenders of maintaining such escrow accounts and the cost of offering other similar account services, such as limited checking and savings accounts;

(4) an estimate of the aggregate amount of moneys kept, on a national basis, and to the extent feasible on a State and regional or other appropriate geographic basis, in such escrow accounts by lenders, including separate totals with respect to the amounts of moneys in such escrow accounts for the payment of taxes, the payment of insurance, and the payment of other items;

(5) an estimate of the extent to which foreclosures have occurred on mortgaged residential property as a result of the failure to establish escrow accounts for the payment of taxes and insurance by the owners of such property;

(6) the value to State and local tax collection agencies of services performed by lenders in having borrowers make periodic prepayment of taxes with respect to residential real property; and

(7) the extent to which lenders make periodic charges to borrowers with respect to residential real property for the search of tax records on such property, and the justification, if any, for such charges.

JURISDICTION OF COURTS

SEC. 114. Any action to recover damages pursuant to the provisions of section 105, 106, or 111 may be brought in the United States district court for the district in which the property involved is located, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation.

VALIDITY OF CONTRACTS AND LIENS

SEC. 115. Nothing in this Act shall affect the validity or enforceability of any sale or contract for the sale of real property or any loan, loan agreement, mortgage, or lien made or arising in connection with a federally related mortgage loan.

EFFECTIVE DATE

SEC. 116. The provisions of this Act, and the amendments made thereby, shall become effective one hundred and eighty days after the date of the enactment of this Act.

Mr. BARRETT (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: On page 1, line 4, strike out "1973" and insert in lieu thereof "1974".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 3, after the word "property" insert "(including individual units of condominiums and cooperatives)".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 5, strike out line 1 and all that follows down through line 24, on page 5, and insert in lieu thereof the following:

REPORT OF THE SECRETARY ON NECESSITY FOR FURTHER CONGRESSIONAL ACTION

SEC. 102. (a) The Secretary, after consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, and after such study, investigation, and hearings (at which representatives of consumer groups shall be allowed to testify) as he deems appropriate, shall, not less than three years nor more than five years from the effective date of this Act, report to the Congress on whether, in view of the implementation of the provisions of this Act imposing certain requirements and prohibiting certain practices in connection with real estate settlements, there is any necessity for further legislation in this area.

(b) If the Secretary concludes that there is necessity for further legislation, he shall report to the Congress on the specific practices or problems that should be the subject of such legislation and the corrective measures that need to be taken. In addition, the Secretary shall include in his report—

(1) recommendations on the desirability of requiring lenders of federally related mortgage loans to bear the costs of particular real estate settlement services that would otherwise be paid for by borrowers;

(2) recommendations on whether Federal regulation of the charges for real estate settlement services in federally related mortgage transactions is necessary and desirable, and, if he concluded that such regulation is necessary and desirable, a description and analysis of the regulatory scheme he believes Congress should adopt; and

(3) recommendations on the ways in which the Federal Government can assist and encourage local governments to modernize their methods for the recordation of land title information, including the feasibility of providing financial assistance or incentives to local governments that seek to adopt one of the model systems developed by the Secretary in accordance with the provisions of Section 110 of this Act.

(c) Section 701 of the Emergency Home Finance Act of 1970 (12 U.S.C. 1710, note) is repealed.

Mr. STEPHENS (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment be considered as read, and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

AMENDMENT OFFERED BY MR. STARK TO THE COMMITTEE AMENDMENT

Mr. STARK. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. STARK to the committee amendment: Page 6, strike out lines 15 and 16.

Mr. BLACKBURN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BLACKBURN. We do not have a copy of the amendment. At this desk we have no copy of the gentleman's amendment, and I understand we are to be served with copies of amendments.

The CHAIRMAN. Does the gentleman have the amendment?

Mr. BLACKBURN. I now have it.

PARLIAMENTARY INQUIRY

Mr. HANNA. Mr. Chairman, before the gentleman proceeds, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HANNA. Mr. Chairman, I just want to get clear where we are, if I may. There was a unanimous-consent request that the committee amendment be considered as read. That unanimous consent request was granted. As I understand it, however, the committee amendment is now pending because we did not act on the committee amendment.

The CHAIRMAN. The gentleman is correct.

Mr. HANNA. I would think, Mr. Chairman, that we ought to act on the committee amendment.

The CHAIRMAN. The gentleman's amendment is to the committee amendment now pending.

Mr. HANNA. I thank the Chairman.

Mr. STARK. Mr. Chairman, I wish to offer an amendment to H.R. 9989, the Real Estate Settlement Procedures Act of 1974. Before doing so, I would like to commend the gentleman from Georgia for his excellent work in steering this bill through the committee, and the gentlewoman from Missouri, and my colleagues on the committee on the other side of the aisle who moved to help the average home buyer in this country. It is with a great deal of trepidation that I rise to offer this amendment, but I think it is necessary. It is based on a great many years of experience in the mortgage banking and banking business and the business of trying to provide housing for low- and moderate-income families, which all of the Members know is one of the most difficult problems we have in this country today as a result, largely, of inflation.

I think it is important that we all note that when we are talking about settlement costs, when we are talking about a $30,000 house, we are talking about settlement costs, depending on what you include, of $500 to $1,500; and that portion the homeowner pays when he or she tries to purchase a home could very well be anywhere from one-half to 30 to 40 percent of the total downpayment. While it is an insignificant percentage of the total amount paid for the house, it becomes a substantial amount of the amount of cash that the person has to take out of his savings to acquire that home.

So we are dealing with a large consumer expenditure and the largest that most American families ever make.

I submit we are dealing here with one of the largest cash requirements or roadblocks to the average American family in acquiring that home. We are not asking that we give the consumer anything he does not already have. The American consumer now has the protection of the power of HUD to move if it is necessary to regulate maximum settlement charges applied to FHA and VA mortgage transactions. Admittedly that power has not been used. Under Secretary Romney a study was made and regulations were proposed. Unfortunately those regulations never came into being.

Our purpose today is not to quarrel with the operation of HUD. Our purpose today is to decide whether or not it is advisable to keep the authority in Federal hands to use in an emergency. I submit if we had had this type of authority to regulate interest rates and prices and wages, we might not have the inflation we have today.

And if the closing costs soar to the 50 percent to 100 percent increase we have seen in interest rates in the past several months, every Member who has voted against this amendment is going to have to explain to his constituents about why he has not done something about closing costs. We all know how long it will take to put this kind of regulation back in if we do not adopt this amendment today. It is a good emergency power and it should be left in the hands of the housing authority especially if the States themselves do not see fit to regulate real estate closing practices under their jurisdiction.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. STARK. I yield to my friend, the gentleman from Georgia.

Mr. STEPHENS. Mr. Chairman, is it not true that the agencies that would be called upon to issue these regulations say they cannot do it under the section 701?

Mr. STARK. The agencies the gentleman refers to change, as one knows, from administration to administration and from Secretary to Secretary. Without getting into a debate as to which Secretary was better than some other Secretary, I would submit that your statement has not been the unanimous opinion of all the Secretaries, and indeed some have found exactly the opposite.

Mr. STEPHENS. Is it not true the second Secretary who looked at it had the experience of the first Secretary who found it had not worked either?

Mr. STARK. The first Secretary found it should be implemented but left office before that came about.

Mr. BLACKBURN. Mr. Chairman, if the gentleman will yield, I wanted to ask the gentleman whether under section 701 the Secretary is to make a study and make recommendations to the Congress?

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. STARK was allowed to proceed for 2 additional minutes.)

Mr. STARK. I am aware of the study provisions in the bill the gentleman refers to. Without my amendment the Secretary would be absolutely powerless, if he finds in that study that regulations are needed, to control the serious closing cost abuses. We are giving the Secretary that power to use the information he finds in that study.

Mr. STEPHENS. This mitigates against the interpretation the gentleman has placed on the section, this language which shows clearly the only purpose of this section was to authorize the Secretary to monitor certain costs and make a study and report back to the Congress and it did not grant him price or wage control in the legal profession. I call the attention of the gentleman to that.

Mr. STARK. Mr. Chairman, I decline to yield further.

Mr. Chairman, I am sympathetic to the gentleman's concern for the relief of lawyers in this country and the other attorneys who may suffer, but I am far more constrained to be concerned for the poor and the moderate income people who do not have housing.

A vote for this amendment is a vote for the consumer, and it is supported by the labor movement and the consumer movement. A vote against it is to help those poor and struggling title insurance companies and banks in the districts of the gentlemen to help the lawyers whose fees are high enough. It is a consumer issue. I look for my colleagues to support the amendment so we may make housing costs more equitable across the land.

Mr. BROWN of Michigan. I thank the gentleman for yielding.

The gentleman, I know, has some expertise in this field; but does the gentleman not agree that to attempt to set some kind of uniform costs with respect to professional services and things of that nature would be grossly unfair in many different sections of the country?

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. BROWN of Michigan and by unanimous consent, Mr. STARK was allowed to proceed for an additional 2 minutes.)

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield further?

Mr. STARK. I will be glad to yield.

Mr. BROWN of Michigan. The gentleman knows that real estate closings are as different as fish and fowl throughout the country and that the costs applicable to those closings are very much different, because there is a great diversity of services performed with respect to real estate closings in different sections of the country with respect to different State laws, with respect to different requirements at the local level.

Mr. STARK. The gentleman is absolutely correct. His experience and his hard work getting housing bills to the floor should be noticed and acclaimed.

The point is that this law is now on the books. This amendment is designed to continue its existence for use where excessive charges are made. And there are abuses in some parts of the country, where costs are excessive because regulatory and legislative inertia and lack of consumer education. In these parts of the country it would act as a big stick behind our soft-spoken words.

Mr. BROWN of Michigan. If the gentleman will yield further——

Mr. STARK. I would be glad to yield.

Mr. BROWN of Michigan. Does not the gentleman agree that a certain amount of incompatibility might exist by giving authority to the Secretary of HUD to do something in this area which he might deem wise if we adopt this law that sets

certain standards, certain requirements and limitations and all these things?

Mr. STARK. The gentleman is so used to hearing talk in terms of marital relations in this House the past few days. I would say this law is not as a honeymoon or an engagement, but a good marriage, and leaving it on the books can have a meritorious effect.

Mr. BELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment to retain section 701 of the Emergency Home Finance Act of 1970.

Unless this amendment is adopted, the few proconsumer provisions of the bill will be overwhelmed by the anticonsumer repeal of section 701.

In the real estate settlement industry, there are no natural price competition factors at work.

Prices appear to be based simply on what the traffic will bear.

The consumer, who buys only a few houses in a lifetime, has no basis for comparison.

Even the more sophisticated buyer, who might try to "shop" for prices, will sometimes run into State approved minimum fee schedules which make it literally impossible to bring his closing costs to a reasonable level.

The result today is that many families who have managed to save a downpayment for a home and are on a very "tight" or limited budget are crushed to learn that they cannot buy that home because of exorbitant settlement costs.

If we repeal section 701, we will say to the settlement industry that existing abuses are OK—just do not get any worse.

There are adequate indications that abuses in many areas are outlandish. When we know that something is basically wrong, let us go to the heart of it and correct it. Now is the time for reform. People are tired of paying too much for what they are getting.

We are told, Mr. Chairman, that a substantial portion of settlement costs relates to the risks involved in title search and evaluation.

So let us consider this hypothesis: The pending bill provides for the development and analysis of model land, recording systems.

Let us say that this study will be very successful, thus allowing the implementation of reforms that will greatly reduce the risks associated with title work.

If the risks are reduced, the potential liability of lawyers and insurance companies are also reduced.

And prices should come down commensurately. But what motivation will there be for the industry voluntarily to reduce its prices? Section 701 is the only incentive there is.

Mr. Chairman, there is absolutely no good reason to repeal section 701 and very good reasons not to repeal it.

I, therefore, urge that the amendment be adopted.

Mr. HANNA. Mr. Chairman, I rise to speak against the amendment.

Mr. Chairman and members of the committee, the truth of the matter is that there have been abuses. I think everybody on the committee who has seen the reports and who has been part of the investigation and study knows that there have been abuses. So, we are not debating that.

The question of whether or not at this point in time we continue to keep section 701 in the legislation is predicated upon another set of facts that are equally well demonstrated. That is, that the application of a national approach at this time is not practical or feasible. I remind the Members that within this legislation there are some thrusts that indicate there are problems really here.

There is a section 103 in the bill for uniform settlement statements which says that the Secretary, in consultation with the Administrator of the Veterans' Affairs, the Federal Deposit Insurance Corporation, and Federal Home Loan Bank Board shall develop and prescribe a standard form for the statement of settlement costs.

Why? Because when we went at this problem, we found that there were no standard settlement forms, nor an agreement as to what would be within a settlement, and that has to be arrived at first before we start applying an overall national control.

The second thing that is in the bill, which has been discussed before, is a trial basis for the Secretary to go out and see if there are changes in the varying conditions that now exist in the law, approaches which will bring together a more uniform real estate legal situation in which some kind of national control law would then have some rationality. It simply does not exist now, because there have been so many different strains of real property law which have brought about an entirely different system, and therefore create different kinds of costs in settlement transactions.

So that, as much as it would be desirable, we cannot wave a wand and bring all the kinds of reform that we would like to achieve in here. It cannot be done that way. We have to do it the hard way. We have to do things that are required in step 1 before we can take step 2.

There is no way we can pole vault from where the law is to where some people would like to have it be. We have to go step by step. That is what this legislation seeks to do.

Mr. BURGENER. Mr. Chairman, will the gentleman yield?

Mr. HANNA. I yield to my colleague from California.

Mr. BURGENER. Mr. Chairman, I thank the gentleman for yielding to me, and wish to associate myself with his remarks.

I would like to add one point. The proposer of this amendment alleges high closing costs are a deterrent to ownership. That is true, whether they are too high or are even fair. I would, however, like to point out that in new housing it is not a deterrent.

I have here ads from Maryland, the District of Columbia, Washington, dozens of them, which have offers on new housing for home ownership where closing costs are included in the loan. That does not mean that they are free, because the buyer pays them or the seller or both pay them. We should be concerned about what those are, but we should recognize that in the new housing market, universally across the country, it is not a deterrent to home ownership.

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

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

Mr. FRENZEL. Mr. Chairman, I commend the gentleman on his reasoned discussion. I agree with him and I hope the Stark amendment is defeated.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

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

Mr. ROUSSELOT. Mr. Chairman, I would like to join my colleagues who have indicated their support for the Banking Committee's determination that section 701 of the Emergency Home Finance Act of 1970 should be repealed. I rise in opposition to the Stark amendment. I must state that at the time that the Emergency Home Finance Act of 1970 was considered, no one to my knowledge believed that section 701 was intended to convey any rate regulatory authority to HUD or the VA. On the contrary, the legislative history of section 701 demonstrates conclusively that the section was in no way intended to convey such authority.

One of the things that was very clear in our consideration of section 701 was that it was intended to carry out the recommendations to the Congress made by the Commission on Mortgage Interest Rates. This was made clear by Senator SPARKMAN, who introduced the Emergency Home Finance Act of 1970, and the Banking Committee reports on the bill and section 701. The Commission on Mortgage Interest Rates was composed of 15 members, including 6 members of the House of Representatives—Representatives PATMAN, WIDNALL, SULLIVAN, Brock, OLIN TEAGUE, and Charles M. Teague. Mr. President, the recommendations made by the Commission on Mortgage Interest Rates were very explicit. Those recommendations were as follows:

> With respect to closing costs and other fees collected in connection with mortgage financing, the Commission recommends that FHA and VA: (a) continue the present administrative practice of reviewing such costs to see that they are consistent with the accepted standard in each local area; (b) develop regulations and procedures to assure that prospective borrowers have reliable estimates of such costs within a reasonable time prior to the loan closing; and (c) undertake a joint study for submission to the Congress by mid-1970 recommending steps to reduce and standardize such costs.

Mr. Chairman, I cannot see how anyone can claim that this language in any way recommended that HUD and the VA be given rate regulatory authority to reduce or standardize costs. All that the Commission recommended was that HUD and VA continue their administrative practice of insuring that particular items of settlement costs did not exceed reasonable and customary standards prevailing in the local area where the transaction takes place.

Moreover, in regard to actions that would "reduce and standardize" settlement costs, all that the Commission recommended was that HUD and the VA undertake a joint study to recommend what actions could be taken by the Congress in the 1972 HUD–VA report on "Mortgage Settlement Costs" and I should point out to all my colleagues that all of the recommendations made by HUD and the VA to "reduce and standardize" such settlement costs are embodied in the provisions of H.R. 9989.

For these reasons, I urge support for the repeal of section 701. If we continue to leave section 701 on the books, it can only be the subject of continuous controversy that will divert our efforts to deal with the real problems that are causing unnecessary high settlement costs. I, therefore, urge the defeat of the Stark amendment.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. HANNA. I yield to the gentleman from New York.

Mr. ADDABBO. I thank the gentleman for yielding. The gentleman has mentioned that through this legislation, we move ahead. Then why do we go back, move ahead two steps, try to find reform, and then move back one step in removing section 701, which has given some protection in the past to those who most need it?

Those who are seeking FHA mortgages and those who are seeking the VA mortgages are those who least can afford the high closing settlement costs. They are seeking FHA mortgages and VA mortgages because they have the least amount of money to put down.

In taking away section 701, we subject them to the extraordinary charges. Why do we take two steps forward and one step back?

Mr. HANNA. Simply because, as I said to the gentleman before, that we found we are not in a position to go as far ahead as section 701 was trying to do, because it would create problems in many jurisdictions in the approach on a uniform, single line without a change in the existing law within the very near future.

Mr. ADDABBO. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Fifty-seven Members are present, not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. GETTYS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise to support H.R. 9989 as reported by the Banking Committee and in particular to support the retention of section 102(c) in the bill. This section would repeal section 701 of the Emergency Home Finance Act of 1970.

Mr. Chairman, the Banking Committee report on H.R. 9989 describes section 701 as a provision that "has been the subject of much dispute as to whether or not it authorizes HUD to regulate the rates and charges of settlement services in FHA–VA assisted mortgages." I believe that the language of section 701 is very clear that Congress did not intend HUD and VA to exercise rate regulatory authority under this provision. Section 701(a) authorizes HUD and the VA only "to prescribe standards." There is nothing in section 701(a) that authorizes HUD to engage in ratemaking; indeed, the phrase "ratemaking" or "rate regulation" is nowhere to be found in the section or in the legislative history of section 701.

Second, it is important to note that section 701(b), the provision that authorized HUD and the VA to report back to the Congress on mortgage settlement costs, which they did in March of 1972, further clarifies that section 701(a) was not intended to authorize HUD to adopt regulations that would force reductions in charges for settlement services. After authorizing HUD and the VA in subsection (a) to prescribe standards in FHA and VA assisted transactions, the Congress directed these two agencies in subsection (b) to conduct an extensive study and to "make recommendations to the Congress with respect to legislative and administrative actions which should be taken to reduce mortgage settlement costs and to standardize these costs for all geographic areas."

Mr. Chairman, the implication must be clear to all that subsection (a) was not intended to confer any authority "to reduce" or "to standardize" settlement costs. If there had been any intention that subsection (a) was to be utilized as a means of reducing settlement costs, why wasn't that stated in the subsection? Moreover, if that were the intention then subsection (b) would have been drafted to authorize a report on the "further" legislative and administrative actions which should be taken to reduce mortgage settlement costs.

My point is that all of my colleagues should be aware that in repealing section 701 we would not be repealing any rate regulatory authority for FHA-VA transactions. Conversely, by leaving section 701 on the books, we would not be authorizing HUD to engage in rate regulation of settlement costs in FHA and VA transactions. If we do not repeal section 701 we would be leaving on the books an ambiguous and controversial provision that I do not believe can ever be implemented.

The CHAIRMAN. The time of the gentleman has expired.

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

Mr. KOCH. Mr. Chairman, will the gentleman yield?

Mr. GETTYS. I yield to the distinguished gentleman from New York.

Mr. KOCH. Mr. Chairman, my good friend, the gentleman from Rock Hill (Mr. GETTYS) and I have debated on numerous occasions, and also with respect to this particular bill, and I have great regard for the arguments of the gentleman and the gentleman's logic, and because I have this regard I want to ask the gentleman this question:

If section 701 does not pose the danger that the gentleman says, and if the gentleman believes it really does not give the power to regulate then why is the gentleman so insistent on its removal?

Mr. GETTYS. For the simple reason there is ambiguous and controversial language in the bill, and, therefore, should be removed to eliminate any possible misinterpretation.

Mr. STARK. Mr. Chairman, will the gentleman yield?

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

Mr. STARK. Mr. Chairman, the gentleman in the well knows that if the people of Rock Hill, S.C., who are so well protected by the legal profession and their representation, if that was spread across the country this colloquy would not be necessary.

However, I have to disagree with the gentleman in this case because the Senate report No. 91–761 makes it quite clear it was the legislative intent of this act that costs be regulated as well as standards. At the proper time I will get permission to insert this information in the RECORD at this point:

THE GENERAL COUNSEL OF
HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., May 2, 1974.

Hon. WILLIAM W. PROXMIRE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PROXMIRE: Attached as requested by Kenneth McLean of your staff, is a copy of the Department's February 4, 1972, legal opinion regarding mortgage settlement costs. This opinion was prepared in conjunction with the Department's report on settlement costs which was mandated by the Congress pursuant to Section 701 of the Emergency Home Finance Act of 1970.

Following issuance of this report and pursuant to its recommendations, the Department issued proposed regulations which established maximum settlement costs for selected geographic areas. One of the prime criticisms of the proposal which was made in comments received from the public was that HUD did not possess the statutory authority for settlement costs ratemaking. Also following publication of the Department's proposed regulations, the Senate sought to remove any ambiguity regarding the authority to set maximum settlement costs when it reaffirmed the Federal role in settlement cost ratemaking. However, the House Subcommittee of the Banking and Currency Committee in its 1972 omnibus housing bill voted to repeal any authority the Secretary may have been given to regulate settlement costs pursuant to Section 701.

At this time, the Department faced with a

clear conflict between the Senate and the House is not comfortable that the mandate of Section 701 is sufficiently clear to proceed to settlement costs ratemaking without further Congressional guidance.

Sincerely,

ROBERT R. ELLIOTT,
Acting General Counsel.

MEMORANDUM, FEBRUARY 4, 1972

Memorandum for: Eugene A. Gulledge, Assistant Secretary-Commissioner.

Subject: Report on Mortgage Settlement Costs; Regulation of Maximum Settlement Costs.

In connection with the Report to the Congress on Mortgage Settlement Costs, you have asked our opinion as to whether this Department has the legal authority to set maximums on settlement costs paid by both buyers and sellers in connection with insured mortgage transactions. For the reasons set forth below, in our opinion, HUD does have such legal authority based on Section 701(a) of the Emergency Home Finance Act of 1970, which provides that:

"Sec. 701(a) With respect to housing built, rehabilitated, or sold with assistance provided under the National Housing Act or under chapter 37 of title 38, United States Code, the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs are respectively *authorized and directed to prescribe standards governing the amounts of settlement costs allowable in connection with the financing of such housing* in any such area. Such standards shall—

(1) be established after consultation between the Secretary and the Administrator;

(2) be consistent in any area for housing assisted under the National Housing Act and housing assisted under chapter 37 of title 38, United States Code; and

(3) be based on the Secretary's and the Administrator's estimates of the reasonable charge for necessary services involved in settlements for particular classes of mortgages and loans." (Italics added.)

From the legislative history of Section 701 it appears that Congress had both buyer settlement costs and seller settlement costs in mind. House Report No. 91–1131 to accompany H.R. 17495 and Senate Report 91–761 to accompany S. 3685 both state:

"It is the committee's intent that the study and recommendations on settlement costs cover not only Government-assisted mortgage transactions but also all residential real estate transactions, *with particular reference to those transactions involving single-family homes where the unsophisticated purchaser or seller is often unfamiliar with the complex details of transferring real estate title.*" (Italics added.)

The paragraph quoted indicates the concern of the Congress with both the buyer and seller. This concern provides an adequate legal basis when coupled with the obvious need to control both sides of the transaction to prevent costs to the seller from increasing as costs to the buyer decrease. Unless both sides are controlled, the true cost to the buyer will be hidden in the sales price.

It is clear also that the authority in the Emergency Home Finance Act includes the authority to prescribe maximums. This is because of the direction of Sec. 701(a) that HUD and VA prescribe "standards governing the amounts of settlement costs *allowable.*" (Italics added.)

The exercise of such authority constitutes rulemaking governed by the Administrative Procedure Act. The standards and maximums must be promulgated as HUD regulations. They must, therefore, in accordance with HUD policy, be adopted through the normal Federal Register procedure, which requires published notice and opportunity for public comment prior to adoption of the final rule Also, because under Section 701(a)(1), such standards and maximums may be established only after consultation between the Secretary of HUD and the Administrator of the Veterans' Administration, adoption of the final rules probably should be by simultaneous issuance by HUD and VA.

Therefore, procedurally, it would appear necessary first to determine tentative "reasonable charges" for specifically delineated "areas" of the country, in conjunction with VA, and then to publish proposed maximum charges for comment. After consideration of comments, the rules could be adopted on an area by area basis as they are approved. Final approval of maximum reasonable charges would have to be a central office function of HUD and VA to assure a reasonable relationship between the maximums allowed in different areas for similar services.

Some items of settlement costs, such as transfer taxes and recording fees, are charged directly by State and local governing bodies and HUD should not attempt to regulate such charges without further examination of the relevant legal questions. Other items of settlement costs, such as title insurance premiums or attorney's minimum fees are charged by private parties but may be set or approved by States or other public or quasi-public bodies. Any finding by HUD that such privately-charged costs are too high must, of course, be carefully documented to overcome a presumption that they are "reasonable".

It should be noted that any attempt to regulate seller settlement costs, particularly real estate sales commissions, undoubtedly will lead to litigation. Although we believe that such regulation would be supportable on the reasoning discussed above, the questions presented would be novel and there can be no final and absolute legal determination at this time. Regardless of the manner in which the precise legal questions may be presented in litigation, the outcome may well hinge on how well this Department is able to document and justify the basis upon which the maximum allowable charges are established from area to area.

DAVID O. MAXWELL.

COMMENTS ON THE BROCK CLOSING COST BILL (S. 3164) AND THE BROCK LETTER OF APRIL 29, 1974

The Brock bill on closing costs, S. 3164, provides for a number of reforms on which there is little controversy. These include provisions requiring more disclosures of closing charges, prohibiting kick-backs and other unearned fees, and restricting escrow account payments. However, Section 10(c) of the Brock bill would also repeal the authority of HUD and the VA under Section 701(a) of the Emergency Home Finance Act of 1970 to regulate closing charges on FHA-VA mortgage transactions. Senator Brock circulated a letter to Committee members on April 29 in support of his bill. The following comments are in response to some of the issues raised in the Brock letter of April 29.

I. ERRONEOUS ARGUMENTS ON BEHALF OF THE BROCK BILL

A. Legislative history misinterpreted

Senator Brock argues that Congress never intended to authorize the regulation of closing charges under Section 701(a). Therefore, the repeal of Section 701(a) would simply clarify and not reverse congressional intent. The legislative history does *not* support the claim made by Senator Brock that Congress never intended to give HUD and the VA the authority to regulate closing charges. This contention is clearly belied by the express language of the statute and the Senate and House Committee reports. The language of the Act as well as the Committee reports indicate that HUD and the VA are directed to prescribe standards governing the amounts of settlement costs allowable in connection with FHA or VA mortgage transactions. The language of Section 701 and the Committee report follows:

TITLE VII—MISCELLANEOUS

SETTLEMENT COSTS IN THE FINANCING OF FEDERAL HOUSING ADMINISTRATION AND VETERANS' ADMINISTRATION ASSISTED HOUSING

SEC. 701. (a) With respect to housing built, rehabilitated, or sold with assistance provided under the National Housing Act or under chapter 37 of title 38, United States Code, the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs are respectively authorized and directed to prescribe standards governing the amounts of settlement costs allowable in connection with the financing of such housing in any such area. Such standards shall—

(1) be established after consultation between the Secretary and the Administrator;

(2) be consistent in any area for housing assisted under the National Housing Act and housing assisted under chapter 37 of title 38, United States Code; and

(3) be based on the Secretary's and the Administrator's estimates of the reasonable charge for necessary services involved in settlements for particular classes of mortgages and loans.

(b) The Secretary and the Administrator shall undertake a joint study and make recommendations to the Congress not later than one year after the date of enactment of that Act with respect to legislative and administrative actions which should be taken to reduce mortgage settlement costs and to standardize these costs for all geographic areas.

[Report No. 91–761]

THE EMERGENCY HOME FINANCING ACT OF 1970

Report of the Senate Committee on Banking and Currency

SETTLEMENT COSTS IN THE FINANCING OF FEDERAL HOUSING ADMINISTRATION AND VETERANS' ADMINISTRATION ASSISTED HOUSING

Secion 602 of the bill would implement the recommendations of the Commission on Mortgage Interest Rates with respect to settlement costs on FHA- and VA-assisted housing. It would direct the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs, after consultation with each other, to prescribe standards governing the amounts of settlement costs allowable in any area in connection with the financing of FHA- and VA-assisted housing. The FHA and VA standards for loans would be consistent with each other and would be based on the Secretary's and the Administrator's estimates of the reasonable charge for necessary services involved in closings.

The Secretary and the Administrator would also be directed to undertake a joint study and to make recommendations to the Congress, no later than 1 year after the enactment of this bill, as to legislative and administrative actions to reduce and standardize settlement costs.

The committee believes that special attention should be given to the question of closing costs associated with mortgage transactions. These costs at times add significantly to the burden of acquiring a home because they come on top of whatever downpayment must be made.

We recognize that institutional practices in different States and localities are the primary determinant of many of the charges made at a mortgage loan closing. Past studies have shown, however, that charges for such things as title insurance, attorney's fees, property surveys, and the like, do vary considerably across the country. Buyers sometimes do not learn of these costs until quite late, and then have no time to shop around for less expensive services.

FHA and VA presently do pay some atten-

tion to closing charges, and attempt to protect individual borrowers from having to pay more for a particular service than is generally customary in the local area involved. The committee believes that this practice should be continued and that procedures should be developed to provide helpful information about such charges to prospective borrowers along the lines discussed above in connection with information on borrowing costs.

It is the committee's intent that the study and recommendations on settlement costs cover not only Government-assisted mortgage transactions but also all residential real estate transactions, with particular reference to those transactions involving single-family homes where the unsophisticated purchaser or seller is often unfamiliar with the complex details of transferring real estate title. It is hoped that a thorough study will be made toward developing a simplified method of locally controlled recording and guaranteeing of real estate titles to speed up and reduce the costs of title transfers.

Senator Brock argues that the statutory language means that the Congress simply intended that FHA and VA continue their existing administrative practice of reviewing particular transactions to ensure that the closing charges are reasonable and customary for the local area involved. This interpretation cannot possibly be sustained by a careful reading of the statute and the legislative history. First, it is obvious that the phrase "prescribe standards governing the amounts of settlement costs allowable" contemplates the issuance of regulations to limit settlement costs. "Prescribing standards" goes well beyond HUD's or VA's present practice of reviewing particular transactions to ensure that they are "reasonable and customary". Second, if all Congress intended was to authorize HUD and VA to continue their existing administrative practice to review particular transactions to ensure that closing charges were reasonable and customary, why did Congress pass section 701(a) at all? Senator Brock himself acknowledges in his April 29 letter that this practice does not require specific statutory authorization. Third, the Committee Reports of both the Senate and House clearly indicate that Congress intended that standards be prescribed and that HUD and VA continue their existing practice of reviewing particular transactions to ensure charges were reasonable and customary. The first paragraph of the Senate Report talks about the legislation directing HUD and VA to prescribe standards. The fifth paragraph refers to the existing practice of HUD and VA with respect to reviewing particular transactions to ensure that charges were generally customary in the local area involved, and expresses the Committee's wish that these practices be continued. If the Committee only intended the fifth paragraph of its Report to apply, as Senator Brock contends, then what is the purpose of the first paragraph indicating that HUD and VA are directed to prescribe standards?

B. The Brock bill does not respond to all of the recomendations of the HUD–VA study

Senator Brock contends that his bill, S. 3164, is "directly responsive to *all* of the recommendations for Federal legislative action to reduce settlement costs contained in the 1972 HUD–VA Report." (Italic by Senator Brock) Actually, the HUD–VA Report did not make any recommendations for additional Federal legislation. Instead, the Report contained a number of proposals for administrative implementation under the authority of Section 701 as well as other authorities. The first recommendation of the Report was the establishment of maximum allowable settlement costs for identifiable housing market areas by HUD and VA. This authority would be repealed by the Brock bill. Thus, it is not correct to say that the Brock bill responds to all of the recommendations in the HUD–VA report. The recommendations of the HUD–VA study are as follows:

A. Immediate action at the Federal level

1. HUD and VA will establish maximum allowable charges for all individual settlement cost items paid by both the buyer and seller, except loan discount payments and costs fixed by State and local statutes, for identifiable housing market areas. Government insurance or guarantee will not be issued in any case in which charges exceed any one of the maximums.

2. Other Proposals Designed To Reduce and Standardize Settlement Costs.

(a) HUD and VA will require the use of a single uniform settlement statement for all HUD and VA insured or guaranteed transactions (except loans on mobile homes). This statement will separately itemize buyer and seller costs in order to provide full disclosure and assure that costs reported were actually incurred. Sworn affidavits and certifications will be obtained indicating that each party participating in the transaction or his representative has not received or paid a fee not explicitly authorized by HUD or VA.

The statement will also reflect such information as will insure that the homebuyer shall have been afforded the maximum economies obtainable through reissue rates for title insurance.

(b) HUD and VA will require that buyers and sellers receive detailed estimates of probable individual settlement costs which are applicable to the transaction.

If title insurance is to be used, a further explanation will be required informing the buyer that the mortgagee's title insurance policy protects the lender's interest and an owner's policy, which protects the buyer's interest is available at an additional cost.

(c) The HUD Office of Audit will undertake an audit of selected mortgagees with a view toward providing additional data needed to establish appropriate limits on lender's origination fees and validating data concerning such fees.

(d) HUD and VA will require that initial deposits in the mortgagee's escrow account should be collected so that when the tax bill is paid, only 1/12 of the estimated annual tax bill remains in the escrow account; provided that monthly payment to the mortgagee includes an amount for real estate taxes which represents 1/12 of the annual tax. Both agencies further intend to keep all escrow deposits at a minimum.

(e) HUD and VA will continue to prohibit mortgagees from charging the buyer a fee for the preparation of Truth-in-Lending statements and recommend that the Congress enact legislation prohibiting all fees for the preparation of disclosure statements.

(f) It is proposed that a federally sponsored, computerized land parcel recording system be authorized and funded in selected jurisdictions throughout the country, with a view toward the development of a uniform nationwide system which will simplify procedures and result in reduced costs.

II. REASONS WHY THE AUTHORITY TO REGULATE CLOSING COSTS SHOULD BE RETAINED

A. Additional hearings needed

Congress should not make a final decision on the question of regulating closing charges until it holds additional hearings on the subject and on alternative methods for reducing excessive closing charges. There are three principal approaches for dealing with the closing cost problem. These are:

(1) Disclosure and anti-kickback only. (Brock bill, S. 3164)

(2) Direct regulation of charges (Proxmire bill, S. 2288)

(3) Requiring lenders to pay. (Proxmire bill, S. 3232).

The Committee has not really heard from consumer representatives or independent experts with respect to the closing cost issue or to the alternative methods for reducing excessive charges. Only two witnesses on the consumer side testified before the Committee, and their testimony was delivered on short notice and buried in the general testimony taken on the omnibus 1973 housing bill. Recent testimony before the House Banking Committee indicates that consumer organizations may be shifting their position in favor of requiring the lender to pay closing charges as an alternative to price regulation. The Senate Banking Committee should obtain the benefit of these views before it makes a final decision on the price regulation issue.

B. Authority needed as a club in the closet

Until Congress does make a final decision on the best method for reducing closing charges, the existing regulatory authority under Section 701 should be kept on the books as an effective deterrent. The premature repeal of this authority can weaken the incentive of the States to reform closing cost practices and can encourage those who provide settlement services to increase their charges. If the mere retention of Section 701 has no deterrent value, then why is the real estate settlement industry so anxious for its immediate repeal? The industry itself has testified that HUD has no immediate intention of limiting closing costs by regulation. What harm would be done if the authority is retained on the books for another few months while Congress holds hearings and gives further consideration to the matter?

III. WHY THE BROCK BILL SHOULD BE DEFEATED IF SECTION 10(C) IS RETAINED

If Section 10(c) of the Brock bill is retained, the benefits to consumers from the disclosure and other provisions of the bill would be overwhelmingly offset by the increase in closing charges which would be triggered by the premature repeal of HUD's regulatory authority. One method for testing the validity of this judgment is to look at who supports and who opposes the Brock bill. During recent hearings held by the House Banking Committee, 18 representatives of bar associations, title insurance companies, realtors, mortgage lenders, and other providers of settlement services testified. All 18 supported the Stephens bill which is quite similar to the Brock bill. On the other hand, 7 consumer spokesmen or independent experts testified on the closing cost issue. Not one of the seven supported the approach taken by the Stephens bill. If the Brock-Stephens bill confers such great benefits on consumers, why have consumer organizations not come forward to support this bill?

As a practical matter, consumers would gain very little from the Brock bill. Most of the disclosure provisions in the bill are already included in a bill passed by the Senate last year, the Fair Credit Billing Act, S. 2101. Moreover, many of the reforms proposed could be carried out administratively by HUD and other Federal housing agencies. In its Report on Settlement Costs, HUD and VA have already announced their intentions to administratively implement almost all of the reforms in the Brock bill with respect to FHA–VA transactions. Similar regulations with respect to conventional mortgage transactions could and undoubtedly would be issued by the Federal Home Loan Bank Board, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association. Thus, the benefits to consumers in the Brock bill are largely cosmetic and would

be more than offset by the repeal of Section 701.

Mr. GETTYS. I thank the gentleman.

I would say, Mr. Chairman, that the distinguished gentleman from San Francisco, Calif., and the distinguished gentleman from New York have always cooperated with me in understanding the problems of Rock Hill.

I am always delighted to have their comments.

I do not have the material before me to which the gentleman refers, so I cannot comment on it.

Mr. KOCH. Mr. Chairman, I move to strike the requisite number of words.

Mr. MOAKLEY. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Massachusetts.

Mr. MOAKLEY. Mr. Chairman, some months ago I met in my Boston district office with a number of distinguished members of the Massachusetts Bar Association who were engaged in the conveyance trade. At that time, they vividly pointed out their overwhelming concern about the potential impact of the retention of section 701 in H.R. 9989, the Real Estate Settlement Procedures Act of 1974.

At that time, Mr. Chairman, I indicated that should this provision cause the unwarranted disruption in the conveyance trade in the Commonwealth, I would look into the matter of repeal of this section and perhaps support it.

Clearly the question of whether or not the U.S. Department of Housing and Urban Development should retain this never-used authority is a matter of concern to conveyers and the home buyer.

It is true that HUD has failed to use that authority, but its existence has prompted reform action on the State level and acted as a valuable incentive for beneficial change. In effect, it is a loaded shotgun in the corner, ready for protection of the public interest.

But at the same time, these very able lawyers—many of whom are leaders of State and local bar associations—looked with alarm on the authority section 701 gives HUD because they frankly feared the Department would use it to set maximum settlement charges throughout the Nation, regardless of the level of settlement charges actually in existence.

I am pleased, Mr. Chairman, that HUD Secretary James Lynn has assured me that this, in no way, reflects the intention of the Department and he specifically declared that the Commonwealth would not be among primary areas of concern to HUD should it exercise its authority to regulate maximum settlement charges for FHA and VA mortgages.

Under section 701 of the Emergency Home Finance Act of 1970, HUD was directed to conduct a study of settlement costs in the Nation. It selected 12 counties for this purpose, and one of the 12 was Suffolk County in Massachusetts.

In chapter IV of its report HUD found:

The practice (of real estate conveyance) in Boston is unique among the areas surveyed. None of the cases studied there reported a charge for title insurance, because of the lack of secondary market activity in this area. Since the mortgage remains in the locality, lenders merely require a title opinion based upon a personal search or an abstract. There was usually one fee for either title examination or attorney services. The attorney is in charge of the closing from the beginning to end, and his fee includes the cost of search, the title opinion and most title-related services. This method of practice is neither very expensive nor very inexpensive. Title related costs are close to the average for the twelve areas.

A schedule in the same chapter shows that title related costs for Suffolk County average $235 and amounted to 1.39 percent of the sales price of the property being purchased in March 1971. The average for the 12 counties was found to be $259, representing 1.44 percent of the sales price. In effect, Suffolk County was slightly below the average of the 12 counties.

Mr. Chairman, if I was still in the Massachusetts State Senate I am afraid I would have to oppose section 701's retention—especially in view of the fine matter in which conveyors in the Commonwealth perform these services. But I am not in the State senate. I am a Congressman, and therefore must vote for what I believe is right for the Nation as a whole.

Clearly, during months and months of congressional hearings, the case was made—rather persuasively I believe—that many States experienced abuses in this area and there did, in fact, need to be some measure instituted to end these abuses.

I am now satisfied—after assurances by HUD—that the Department will not use section 701 in Massachusetts because of the low cost of title-related services and few, if any, abuses in the Commonwealth.

Therefore, Mr. Chairman, I believe that in order to correct these abuses—and since section 701 will have no practical effect in my State because of the outstanding method of practice there—this section should be retained.

I have also received a letter from the General Counsel of the U.S. Department of Housing and Urban Development, Robert Elliott, in which he declares the Department fully supports the full disclosure concept which would enable purchasers to make more informed judgments and to shop around more effectively for settlement cost services, coupled with statutory provisions prohibiting kickbacks.

I believe the four points Mr. Elliott made in his letter show clearly that HUD has intention to establish such cost standards in Massachusetts.

The letter follows:

THE GENERAL COUNSEL OF
HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., August 13, 1974.

Hon. JOHN J. MOAKLEY,
House of Representatives,
Washington, D.C.

DEAR MR. MOAKLEY: This is in response to your recent inquiry regarding the effect that establishing maximum settlement cost standards pursuant to Section 701 of the Emergency Home Finance Act of 1970 would have in the Commonwealth of Massachusetts.

As you may know, the Department has recommended that Section 701 be repealed. Instead, the Department supports the "full disclosure concept" which would enable purchasers to make more informed judgments and to "shop around" more effectively for settlement cost services, coupled with statutory provisions prohibiting kick-backs.

If we were to assume, however, that maximum settlement cost standards were to be established pursuant to Section 701, we would have the following general observations about the impact of such an effort in the Commonwealth of Massachusetts:

1. It would be more difficult to establish maximum settlement cost standards in Massachusetts than elsewhere since, in many cases, attorneys rather than title insurance companies provide necessary title related services. This is because we believe that we must determine the overhead costs of the providers of the settlement services as a necessary part of establishing maximum settlement cost standards. This is more difficult to accomplish if such costs must be determined for the many different sizes and type of legal firms which provide many of these services in the Commonwealth of Massachusetts.

2. Since, in many cases, individual attorneys and law firms provide all necessary title related services in Massachusetts, we can assume that individual purchasers have a significantly better opportunity to negotiate the price to be charged for the provision of such services or to "shop around" for such services if an initial quotation of price is unsatisfactory. This is particularly true since we are informed that the Massachusetts Bar Association has no minimum fee schedules for title related costs.

3. The proposed regulations published for comment on July 4, 1972, contemplated establishing maximum standards for areas where the Secretary determines that excessive fees and charges are being collected. If that approach were taken, a jurisdiction would be subject to maximum standards set by the Secretary if it were found that excessive fees and charges are in fact being assessed. While HUD's *Mortgage Settlement Cost Report* of January 1972 noted that in some cases excessive fees and charges are being collected, the Report does not identify specific areas where exorbitant charges were found to have occurred. We should note that one of the findings of the Report was: "Costs appear to be high in some areas, but unreasonable costs probably occur in fewer areas than may be popularly assumed."

4. Since the HUD *Mortgage Settlement Cost Report* found that 28 out of 51 jurisdictions had higher title-related costs than Massachusetts, HUD probably would not make a determination of whether maximum standards were to be established for Massachusetts until over half of the other states has been considered, assuming that initial priority were given to those areas of the country in which high settlement costs are currently being charged. Establishing such a priority may be necessary since it would appear that HUD would be unable to undertake surveys to determine whether excessive fees and charges are being levied in connection with mortgage settlement at the same time in all areas of the nation.

Sincerely,

ROBERT R. ELLIOTT.

Mr. KOCH. Mr. Chairman, before coming to the Congress I was a practicing lawyer. I am not any more, having given up the practice of law upon my election.

I handled numerous real estate transactions, and I have some familiarity with the fees and the costs that are involved.

I believe that it would be very anti-consumer were we not to support the Stark amendment to put back into this bill the provisions which would permit HUD to fix and regulate closing costs. Closing costs vary from transaction to transaction. But there cannot be anyone in this House who has any familiarity with the real estate business who would say that there have not been numerous cases where the purchaser has been abused by a whole host of people who are involved in closing costs. Whether it be in the survey fees, or title insurance, title searches, or a whole host of closing costs, there have been abuses.

When my good friend, the gentleman from Rock Hill, pointed out that HUD has not used this power that it has had, HUD has been wrong. HUD should have used this power. I suspect that what they were relying on, from my recollection of the testimony, is that simply by having the residual power, it inhibited abuses. Maybe it did, but not enough. I think that they should exercise the power, and I think it is incumbent upon us to be sure that we give them the right to exercise that power.

Just to conclude, if we want to protect the small home buyer, who really is abused too often, the way to do that is to support the amendment offered by the gentleman from California (Mr. STARK).

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from New York.

Mr. ADDABBO. I thank the gentleman for yielding.

Is there anything in section 701 which regulates legal fees, the fee that the attorney may charge his client? Is there anything to regulate that in section 701?

Mr. KOCH. Not that I know of.

Mr. ADDABBO. Is it not a fact that section 701 only regulates the charges, the settlement cost the lender may charge the borrower. It has nothing to do with regulating legal or attorney fees; is that correct?

Mr. KOCH. That is my understanding of it.

I will yield to the committee chairman if there is a more expansive definition, but that is my understanding.

Mr. ADDABBO. I thank the gentleman.

Mr. McKINNEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, this morning the Committee on Banking and Currency met with the head of the Office on Management and Budget, Mr. Roy Ash, to give the new President of the United States a Cost of Living Council which will have no power at all, but which will be able to advise on unfair and unwise inflationary tendencies. It is my suggestion that this will probably pass the House on Monday with a very wide margin. This is exactly what we are talking about in section 701.

I am not advocating a new Federal bureaucracy. I am not advocating that we spend more money, but I am advocating that we set up and give HUD the power to react to unfair, unwise, and discriminatory closing costs across the country.

Let us face the fact that the average American does not buy many houses. I happen to have been in a business where I did, and I have done it in many States and I have seen what can take place.

Do the Members know that in the City of Washington, for instance, one can buy a house which has been owned by someone for 30 or 40 years and he quite rightfully pays a very large fee to search the title to clear it to get title insurance? Do the Members realize, however, that it is the practice in Washington that should one then go back to the bank because he has improved that property, to the same bank, with the same house, 6 months later, and ask for an increase of his mortgage, that they then investigate the house, and say, "Certainly, we will give it to you," and that then one will pay exactly the same search and title fee that he paid for a 30-year examination?

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. McKINNEY. I yield to the gentleman from Georgia.

Mr. STEPHENS. I thank the gentleman for yielding.

Does the gentleman say that would be in Washington that this would happen?

Mr. McKINNEY. Washington, the District of Columbia.

Mr. STEPHENS. The gentleman does not recognize that lawyers have a fee for bringing a title up to date and it is a protection for both the borrower and the lender?

Mr. McKINNEY. It certainly is.

Mr. STEPHENS. That is to see that something did not come in between.

Mr. McKINNEY. But let us not confuse the fact, though, that 6 months before, in order to get title insurance, this house had a clear title, and all they must search for are the mechanics' liens that may have been put on during the improvement.

Now we go on to the fact that most people who buy a house are totally the captives of a system they do not understand and of a system that is designed in essence without any real competition.

What we are talking about here is very simple. The President of the United States has said to the Congress: "I need a weapon whereby I can jawbone the inflation within the United States and adjudicate problems in different areas of the economy."

What we are trying to do here is give HUD a section of the law that exists, which they have not used. But just as in revolutionary days, it is the musket in the volunteer's closet that can be grabbed if it is needed. In fact the way it is written it can only be grabbed in the case of VA and FHA housing, but the fact of the matter is it is there and it can be used to jawbone and it can be used to threaten and it can be used to cajole.

I would suggest to all of the Members that I was in the real estate business and I am not trying to put the lawyers out of business and I am not trying to put my ex-colleagues out of business, but the average home buyer in this country—and I am not talking just about the little man—is somewhat like a sheep led to the slaughter because he has to have the housing and he wants the housing and particularly in this day's economy, once he has found the money—which is almost next to impossible—he is totally at the mercy and totally at the rule of those who give him the money.

Mr. BELL. Mr. Chairman, will the gentleman yield?

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

Mr. BELL. I thank the gentleman for yielding. I commend the gentleman for his statement. I think his point there of the implied force that this has really goes to the heart of the matter. It certainly does not affect the other good amendments that have come out of this committee and that are in there. It will lend itself to working with them if we put the 701 back in.

Mr. McKINNEY. There is no question about it. As I stated to Mr. Ash this morning, I think we can do with less Federal bureaucracies and we do not want to set one up, but I believe this can be useful to the consumer.

Mr. BROWN of Michigan. Mr. Chairman, I move to strike the requisite number of words.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Mr. Chairman, I would like to see if we can get a consensus of the number of those who want to speak on this amendment.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto end at 10 minutes to 3 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BROWN of Michigan. Mr. Chairman, reserving the right to object, I already have my time. Is that to take effect after I have my time?

The CHAIRMAN. The gentleman in the well has already been recognized for 5 minutes.

Mr. BROWN of Michigan. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BLACKBURN. Mr. Chairman, reserving the right to object we are talking about only 6 minutes for all these gentlemen who are standing. I suggest the request be amended to 5 minutes after 3 o'clock.

Mr. Chairman, I withdraw my reservation of objection.

Mr. BARRETT. Mr. Chairman, I will compromise and withdraw that request. I will amend my request to say, 3 o'clock.

Mr. Chairman, I ask unanimous consent that all debate on this amendment, that is, the Stark amendment, and all amendments thereto close at 3 o'clock.

The CHAIRMAN. Is here objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. BROWN) for 5 minutes.

Mr. BROWN of Michigan. Mr. Chairman, first I would like to address myself to the remarks of the gentleman from Connecticut (Mr. MCKINNEY).

Section 701 in the law is not jawboning. It is in no way analogous to what we propose to do with the Cost of Living Task Force. To the contrary; if there is any relationship between the economic stabilization effort such as the Cost of Living Task Force, and this amendment it is that one is the opposite of the other. Any person, any Member of this body who supports the Stark amendment has got to also be willing to say he is willing to give the President the authority to impose wage and price controls, because that is exactly what 701 does with respect to closing costs.

I would suggest that the arguments for this amendment are basically two, with almost a third. One is that it protects consumers. Two, is that it eliminates the possibility and potential for abuses.

The third would be that it holds out the threat, by retention of section 701, it holds out the threat that if either of these things appear to be happening that the Secretary's ability to regulate will cause them not to happen.

I would suggest for the reasons I have just stated that these are not valid reasons for supporting the amendment.

First of all, on the consumer issues, I suggest no one in this House will disagree with the proposition that maximum costs become minimum costs. When we set maximum costs, we can be sure every consumer will be paying them, whether they should or not. If that is protecting the consumer, I will eat your shirt.

Now, in fact, Consumer Advocates have said, especially Alan Morrison representing Ralph Nader's Public Citizen Projects.

> I oppose the creation of a permanent agency to establish maximum costs applicable to all or almost all transactions. Once such bureaucracies get started they have a way of hanging on forever, and soon become dominated by the groups that are supposed to be regulated by them. Moreover, there is no evidence so far that indicates that mandatory price regulation by the Federal government is required, and thus, it seems appropriate to experiment with solutions short of Government price regulation in this field at least for the present.

Now, then, if we decide that the Federal Government should do something, or better, that something should be done in this area, I respectfully suggest that the action should be taken at the State level. I do not think even the sponsor of the amendment would argue that the problem of closing costs is a problem that exists nationwide to the same extent and in the same way in all areas.

Therefore, if some regulatory action is needed, it seems to me it should be State action to regulate these closing costs.

And, I respectfully suggest to my colleagues that the threat of 701, the ability of 701 to be implemented by the Secretary, having that section on the books is a great deterrent to State action, because every State legislator not wanting to deal with this controversial problem will say, "Why should we do something about regulating closing costs? Authority exists in the Federal Government to regulate closing costs."

So the taking of the type of action appropriate to the geographic sections of our country where laws and regulations differ would be hampered and the impetus for legislation by States would be slowed.

Now, what does the administration say about the repeal of 701? Assistant Secretary of HUD, Sheldon Lubar, testified that HUD's experience had demonstrated that:

> Even if it could be concluded that Federal regulation of settlement costs was workable at all, such regulation could be achieved at only very high administrative costs, widely out of proportion to the benefits that would be received by consumers.

He told the Subcommittee on Housing that he believed repeal of section 701 was "vital" to any legislative package on settlement costs.

This same view was expressed by the Chairman of the Federal Home Loan Bank Board, Thomas R. Bomar, who described Federal rate regulation of settlement costs as "merely symptomatic" that was "likely to create a bureaucratic monstrosity" and lead to "serious distortions and instabilities in the marketplace."

(By unanimous consent, Messrs. BARRETT and KOCH yielded their time to Mr. STARK.)

Mr. STARK. Mr. Chairman, I would like to repeat at this time to my colleagues in the committee that the amendment simply retains the right in HUD to correct abuses through jawboning, if you will and through regulation of maximum settlement charges.

I would like to submit to the Members that the labor unions of this country, and the consumer groups and every one of my colleagues who can put the concerns of the home buying public ahead of other parochial or business interests at this point, support retaining this authority in HUD. I would repeat that voting for the amendment is a vote to give us the weapon to help control ever increasing housing costs. It is a vote for lower housing costs. It is a vote for States' rights. It can be a catalyst to encourage States and municipalities to enact the kinds of laws we all want to see, with the proper kinds of local input.

It is beyond any question a vote for the consumer. It is a vote that will enable so many people—we just recently had an outstanding amendment offered by the gentlewoman from Maryland on another bill to allow people to homestead and acquire foreclosed homes. I hope she recognizes that they could all be foreclosed from acting under her amendment just because of excessive closing costs. This might be an area in which the Secretary could implement or suggest standards that could be meritorious for this.

There are so many ways this could help people all across the country to acquire that home which is the biggest purchase they will ever make.

The question is whether we are going to vote for lower housing costs, whether we are going to vote for the consumer, whether we are going to vote for States rights, as opposed to whether we are going to vote for a few vested interests and have no control over how they deal with that home buyer.

(By unanimous consent, Mr. FRENZEL yielded his time to Mr. BLACKBURN.)

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. BLACKBURN).

Mr. BLACKBURN. Mr. Chairman, first of all I want to address myself to the question asked by the gentleman from New York (Mr. ADDABBO) as to whether or not attorneys' fees are included within the term "closing costs."

I would call to the attention of the committee the HUD report of 1972, in which they state that the term "closing costs" includes all charges paid at settlement for obtaining the mortgage loan and transferring real estate titles. In the figures, attorneys' fees are clearly included as part of the closing costs. Let me call the attention of the committee to the statement of Mr. Sheldon B. Lubar, when he testified last year before the Committees on Housing and Banking and Currency, in which he states it would be impossible for HUD to regulate those without setting up a very new and expensive bureau.

He states:

> The maximums proposed by the Department were based on an econometric analysis of the various settlement costs which was supposed to determine how high these costs ought to be by comparison with costs in other geographic areas. The expenses that the providers of these services incurred in order to provide the services were not ascertained and therefore were not factored into the proposed maximums. Otherwise, HUD personnel would have been required to get into the internal affairs of the providers of these services in great depth in order to determine these expenses. To undertake such action and to provide the necessary safeguards against arbitrary or unfair results, even for these six metropolitan areas alone, would have required HUD to develop a new and extensive rate-regulating bureaucracy.

Here is the man speaking who will be charged with administering this law in the first place.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I will be happy to yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding.

From your just concluded statement it is obvious that you do not want the rates that would apply in New York City to apply everywhere even to small communities in Georgia or Michigan.

Are we going to have HUD, then, establish different rates for different regions or different metropolitan areas in the country, with different maximums?

When the gentleman from California says that this is a consumer bill, I think he is clearly off the track because, as I have said before—and he did not take issue with it—maximum rates become

minimum rates. That means that we are imposing upon every consumer the highest acceptable rate that would be applicable in the most affluent area, and I ask everyone if that is in the consumer's interest.

Mr. BLACKBURN. Mr. Chairman, I think the gentleman made a perfectly valid point. I thank him for bringing that point to the attention of this body.

(By unanimous consent, Messrs. FLYNT and GETTYS yielded their time to Mr. STEPHENS.)

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. STEPHENS).

Mr. STEPHENS. Mr. Chairman, let us look for a minute at what seems to me a great misunderstanding about real estate settlement costs.

When one records the deed in the courthouse, that is a real estate settlement cost. That deed fee that has to be paid is set by the State.

Part of the real estate settlement costs are the prorated city taxes. The prorated city taxes are set by the city, and that is part of the settlement costs.

State and county taxes, prorated, are set by the State and county. That is a settlement cost.

Take fire insurance. Those fees are set by the public bodies, by the State or by an insurance commission. Those are settlement costs. Interest on the loan, which is set by the usury statutes of a State, is part of the settlement costs sometimes.

The transfer tax that has supplanted the old Federal tax on transfer of the property, that is set by the State.

Therefore, what folks are talking about is this: That they are going to regulate. They want a photographer's fee regulated for taking a picture of the home. They want to establish a credit report fee. The charge for that latest credit report is a settlement cost.

They want the real estate fee to be set by Washington, D.C. They want the lawyer's fee set by Washington, D.C., as well as the surveyor's fee.

Are they asking that State taxes be changed? All they are saying is that Washington should sit down here and tell a man, if he is a lawyer, what his fee is going to be. If he is a photographer and is going to take a picture as part of the settlement cost, they want to tell him how much to charge for the picture.

The law, as we passed it in section 701 on the books, has been interpreted as setting the amount of rates. I say we ought not set them in Washington, D.C.

We have heard a number of arguments that section 701 of the 1970 act was never intended to authorize HUD to engage in regulation of settlement costs. I agree 100 percent. I feel strongly that section 701 should be repealed because, in spite of its clear legislative history, there is a danger that some future administration might seize upon it as a basis to promulgate the kind of arbitrary and unfair regulatory scheme that HUD did propose in July of 1972, without taking into consideration whatsoever the differences between what it took to close a real estate loan in Georgia, California, New York, New Jersey, or wherever it might be.

When a man sits down as a lawyer and settles the matter, then settlement costs are his responsibility because the lawyer then takes the deed involved over to the courthouse, sees that the papers are recorded properly, and he gets them back and returns them to the respective parties.

After all, it is argued, the present administration will not implement it and any use of that provision as the basis for rate regulation could be challenged successfully in a law suit.

I feel strongly that section 701 should be repealed because in spite of its legislative history and defects, there is a danger that some future administration might seize upon it as a basis to promulgate the kind of arbitrary and unfair regulatory scheme that HUD proposed in July of 1972. Indeed, we are told by the supporters of section 701 that it should be kept on the books as a "club in the closet" because it could be used by some future Secretary of HUD. This is why we are so concerned.

Because section 701 fails to provide the necessary safeguards that are a prerequisite to any fair system of regulation; because section 701 may be used to force arbitrary reductions in charges that are not based on an examination of the costs and profits of those whose services would be regulated; because implementation of section 701 can only lead to protracted law suits challenging such administration action—I believe section 701 represents a "club in the closet" that Congress should never permit to be used. I cannot condone the use of an unfair and obviously ambiguous law as a "club in the closet." To the extent section 701 might be interpreted as authorizing rate regulation, it is an unwise and unwarranted provision, and it makes no sense to say we ought to leave it on the books despite the fact that it may never be used—perhaps even silently hoping it never will be used.

Moreover, we should not believe that the industry's fear of implementation of section 701 will help keep charges to reasonable levels. Such an argument is totally without merit. The threat of arbitrary Government action can never be effective in reducing charges and represents terrible Government policy.

On the other hand, sections 102 (a) and (b) of H.R. 9989, provisions that direct HUD to monitor the industry's performance under the reform provisions of H.R. 9989 and to report back to the Congress on what further measures need to be taken—including the possibility of an effective and workable scheme of Federal rate regulation—will insure that the industry will do all it can to keep costs in line and to make the antikickback, disclosure and other reform provisions of the bill work.

Finally, even if section 701 is repealed, HUD and the VA will still have and will continue to exercise their authority to prevent excessive or exorbitant charges under their existing administrative regulations whereby they can and do challenge and reject any item of settlement cost that is in excess of the "reasonable and customary" standards prevailing in the local area. This is an important point for all my colleagues to keep in mind, because even if we repeal section 701, this administrative authority would be unaffected.

Thus, passage of H.R. 9989 would provide FHA and VA home buyers the triple protection of: First, dealing with the underlying problems that cause unnecessarily high settlement charges; second, leaving intact HUD and VA authority to protect federally assisted home buyers from charges that exceed "reasonable and customary" levels; and third, authorizing HUD to report back to the Congress on what further measures may be needed to give buyers the protection they deserve.

His duties in his settlement are not just ended right there. Because section 701 fails to provide the necessary safeguards that are prerequisite in the system of regulation, because section 701 may be used to force arbitrary reductions in charges that are not based on the examination of the cost and the profits, which has been done, those services would be regulated.

Mr. Chairman, let me state this as a final conclusion: Even if section 701 is repealed—and I repeat this—HUD and the VA will still have and will continually exercise their authority to prevent excessive or exorbitant charges under existing administrative regulations whereby they can do this now.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. PATTEN).

Mr. PATTEN. Mr. Chairman, I am going to vote against this amendment. I do not yield to any of the Members when they talk about protecting the buyer.

My office handled HOLC loans in 1930 and 1931, and we were allowed $75 to do the whole job so far as closing costs were concerned, and we did all the work. We processed hundreds of VA loans. Millions of veterans were well protected at 4 percent interest and the Government allowed $160 toward the closing costs.

I will guarantee this: Our banks looked over the closing fees, and I will say that anyone who did not use the minimum fee was not allowed back in the bank.

Mr. Chairman, I am proud of the service we gave to our veterans at the time they came out of World War II. I spent a great deal of time during 15 years on this.

I never heard such dirty talk as I have heard on this floor.

Mr. Chairman, I recommend that we oppose the amendment and go along with the committee.

The CHAIRMAN. The Chair recognizes the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Chairman, on the question of lawyer fees that was discussed before, I should like to inform the House that the American Bar Association said in 1972 that it endorsed the HUD authority contained in section 701 to regulate VA and FHA closing costs.

I would like to inform the Members

that a vote for the Stark amendment is a vote to retain HUD's authority on settlement charges applying to FHA and VA mortgages where the need to do so exists. A vote against the Stark amendment is a vote to eliminate HUD's authority to regulate these costs.

Mr. Chairman, all the other provisions of this bill are good, and they should be approved. A vote for the Stark amendment will in no way affect any other section of this bill.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. ADDABBO).

Mr. ADDABBO. Mr. Chairman, maybe I have been reading section 701 wrong, but for the information of my colleagues, it is included on page 16 of the report, and it says that:

The costs shall
(1) be established after consultation between the Secretary and the Administrator;
(2) be consistent in any area for housing assisted under the National Housing Act and housing assisted under chapter 37 of title 38 * * *.

I repeat, it says:

shall be consistent in any area * * *.

I am glad that my colleague, the gentleman from Georgia (Mr. BLACKBURN), agreed with me. It does not regulate attorney fees. It regulates what the bank's attorney will charge to the loanee. I agree also with my colleague, the gentleman from New Jersey (Mr. PATTEN), when he asks the question: Who will give the GI a 4-percent mortgage?

They will give him a 4-percent mortgage if they can soak him whatever they want in closing fees and pick up the difference on closing fees. This is what we are talking about. We are regulating it so that the GI can still get the low-interest loan and so that the man with a low down payment who needs an FHA mortgage, which is at a lower interest rate, can still get that lower interest rate and not be soaked what the bank wants to charge him for closing fees.

(By unanimous consent, Mr. SYMMS yielded his time to Mr. WYLIE).

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Chairman and Members of the Committee, I reluctantly oppose this amendment.

Of course, we are all for prohibiting abuses in real estate closing transactions for FHA and VA loans. We all want to protect the consumer. Yet I submit that section 701 has not in any way thus far protected the consumer. It has been said that it has protected the consumer in part, but the fact of the matter is that section 701 has never been used by HUD.

A part of the reason it has never been used is because HUD considers it too ambiguous for them to draft regulations in implementation.

HUD tried to implement section 701 after it was passed into law in 1970, with regulations. It proposed maximum allowable charges for six settlement items in FHA and VA transactions in six metropolitan areas. It encountered more comments on these regulations than any other regulations they had ever before proposed. So, after a while, HUD withdrew them because they determined that they lacked the requirements of due process.

HUD has maintained that in order to provide the necessary safeguards in these six proposed areas, it would have to develop a new and extensive rate-regulating bureaucracy without a clear mandate from Congress.

So I submit we ought not to accept the amendment before us. We ought to allow the section which is in the committee bill to take effect, and Congress ought to help HUD establish some guidelines as to allowable charges on settlement cost items.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. BELL).

Mr. BELL. Mr. Chairman, the consumer needs this protection now. Closing costs throughout the country in real estate deals have been outlandish. The country is literally crying out for some protection in this area. Hud is making a study of it, and I am certain that HUD, if it were allowed to have this section 701, would not use it improperly, but would use it when they felt it was necessary for the public protection to use it. Only when and if there were some unreasonable costs that had become apparent in a particular situation throughout the country.

I think the amendment offered by the gentleman from California (Mr. STARK) is an amendment for the protection of the consumer.

How many times do we have to have it shown to us that many of these closing settlement procedures are unreasonable in their costs? The time has come to build into our system some teeth to correct some obvious wrongs when they appear.

Mr. ST GERMAIN. Mr. Chairman, I rise in support of H.R. 9989 and specifically to support the provision of the bill that repeals section 701 of the 1970 Emergency Home Finance Act. I believe that section 701 has proved to be very mischievous and offers no realistic possibility of providing any benefits whatsoever to the American home buying public.

It has been argued that section 701 ought to remain on the books as a sort of standby rate regulatory authority that could be exercised by some future HUD administration. I do not believe that this argument has any validity, since section 701 was never intended to convey any authority to regulate rates and charges for FHA and VA settlement services. Any legislation that would have provided such authority, Mr. Chairman, would certainly have been hotly debated both in the Banking Committee and on the floor of the House of Representatives. Certainly, many of us would not have stood by mutely while legislation was being considered that would have given the Federal Government such broad-ranging powers over literally hundreds of thousands of individuals and small businessmen who provide settlement services in FHA and VA transactions.

But the fact of the matter is that there was not a single word of debate in the Senate or in the House of Representatives that section 701 in any way conveyed such broad authority to the Secretary of Housing and Urban Development. I would ask those who support keeping section 701 on the books to cite any statement made on either the floor of the Senate or the House of Representatives to indicate that anyone then believed that section 701 was intended to do anything more than reconfirm HUD's administrative practice of challenging settlement costs in particular transactions that exceeded the "reasonable and customary" levels prevailing in the local area involved. No such statements were ever made because no one ever believed that section 701 was intended to convey rate regulatory authority.

However, we are now told that the section ought to remain on the books as a potential threat of such regulation by the Federal Government. Apart from the fact that I do not believe such "threats" serve any useful purpose, I cannot see how we can use section 701 to threaten a proposed scheme of regulation that was never authorized by the Congress. If my colleagues believe that rate regulation is desirable and necessary, then we should have a concrete proposal for a regulatory scheme that we can review and debate intelligently. Such a scheme would have to include all of the provisions and standards normally included in the other rate regulatory statutes that we have passed such as the Interstate Commerce Act and the Natural Gas Act.

Indeed, section 102(b) of H.R. 9989 would invite the Secretary of Housing and Urban Development to make such recommendations to us and to propose a regulatory scheme that we can then consider. But until Congress approves such a scheme, and comes to grips with the difficult issues raised by placing this sector of the economy under Federal rate regulation, no Member of the House should believe that such regulation can be achieved through the back door by means of section 701. It was never intended to authorize Federal rate regulation and it cannot be used as the statutory basis for such regulation.

Mr. DON H. CLAUSEN. Mr. Chairman, I rise in support of the bill, H.R. 9989 and in opposition to the amendment to repeal section 701 of the Emergency Home Finance Act of 1970.

Since the enactment of the Emergency Home Finance Act, HUD has been studying the feasibility of Federal regulation of settlement costs allowable in connection with federally insuranced housing transactions, and has concluded that such regulation is totally unworkable and impossible to implement in 50 different States containing 3,000 different counties.

In the words of Dale Whitman, who drafted regulations attempting to regulate rates under section 701, such regulation was "shooting in the dark." HUD

also concluded that the costs involved would be all out of proportion to consumer benefits.

I believe that our recent experience with wage and price controls affirms the fact that Federal regulation can have disastrous consequences when it places arbitrary limits on charges and prices.

I support, instead, the approach of this bill which is to limit, ban or regulate specific actions or practices on the seller side of the market which are unjustifiable or unnecessarily costly.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California (Mr. STARK) to the committee amendment.

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

RECORDED VOTE

Mr. STARK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 199, noes 202, answered "present" 1, not voting 32, as follows:

[Roll No. 487]

AYES—199

Abzug	Foley	Minish
Adams	Ford	Mink
Addabbo	Fraser	Mitchell, Md.
Anderson, Calif.	Froehlich	Moakley
Andrews, N. Dak.	Fulton	Mollohan
Ashley	Fuqua	Morgan
Aspin	Gaydos	Mosher
Badillo	Giaimo	Moss
Barrett	Gilman	Murphy, N.Y.
Bell	Gonzalez	Murtha
Bennett	Grasso	Myers
Bergland	Green, Pa.	Nedzi
Biaggi	Griffiths	Nix
Biester	Gross	Obey
Bingham	Grover	O'Hara
Blatnik	Gude	O'Neill
Boland	Guyer	Owens
Brademas	Harrington	Patman
Bray	Hays	Perkins
Breaux	Hechler, W. Va.	Peyser
Brooks	Heckler, Mass.	Pike
Brown, Calif.	Heinz	Podell
Burke, Calif.	Helstoski	Price, Ill.
Burke, Mass.	Hillis	Pritchard
Burton, John	Hinshaw	Quillen
Burton, Phillip	Holifield	Rangel
Carey, N.Y.	Holtzman	Regula
Carney, Ohio	Horton	Reuss
Chisholm	Johnson, Calif.	Rodino
Clark	Johnson, Colo.	Roe
Clay	Jordan	Roncalio, Wyo.
Cleveland	Karth	Roncallo, N.Y.
Cochran	Kastenmeier	Rooney, Pa.
Cohen	Kazen	Rosenthal
Collins, Ill.	Kluczynski	Rostenkowski
Conte	Koch	Roy
Conyers	Kyros	Roybal
Corman	Leggett	Ruth
Cotter	Lehman	Ryan
Coughlin	Lent	Sarasin
Cronin	Litton	Sarbanes
Culver	Long, Md.	Schroeder
Daniels, Dominick V.	Lujan	Seiberling
Danielson	Luken	Shuster
de la Garza	McClory	Sisk
Delaney	McCloskey	Stark
Dellenback	McCormack	Steele
Dellums	McDade	Steelman
Dent	McEwen	Stokes
Derwinski	McFall	Stratton
Diggs	McKinney	Studds
Donohue	Macdonald	Sullivan
Drinan	Madden	Symington
Eckhardt	Madigan	Thompson, N.J.
Edwards, Ala.	Maraziti	Tiernan
Eilberg	Matsunaga	Traxler
Esch	Mayne	Udall
Evans, Colo.	Mazzoli	Van Deerlin
Evins, Tenn.	Meeds	Vander Veen
Flood	Melcher	Vanik
	Metcalfe	Vigorito
	Mezvinsky	Waggonner
	Miller	Waldie
Whalen	Wolff	Young, Tex.
Wilson, Charles H., Calif.	Wright	Zablocki
	Wyatt	Zion
	Wydler	Zwach
Wilson, Charles, Tex.	Yates	
	Yatron	

NOES—202

Abdnor	Frenzel	Poage
Alexander	Frey	Powell, Ohio
Anderson, Ill.	Gettys	Preyer
Andrews, N.C.	Ginn	Price, Tex.
Annunzio	Goldwater	Quie
Archer	Goodling	Railsback
Armstrong	Green, Oreg.	Randall
Ashbrook	Gubser	Rees
Bafalis	Haley	Rhodes
Baker	Hamilton	Rinaldo
Bauman	Hammer-schmidt	Roberts
Beard		Robinson, Va.
Bevill	Hanley	Rogers
Blackburn	Hanna	Rose
Boggs	Hanrahan	Roush
Bolling	Harsha	Rousselot
Bowen	Hastings	Runnels
Breckinridge	Henderson	Ruppe
Brinkley	Hicks	St Germain
Brotzman	Holt	Sandman
Brown, Mich.	Hosmer	Satterfield
Brown, Ohio	Howard	Scherle
Broyhill, N.C.	Hudnut	Schneebeli
Broyhill, Va.	Hungate	Sebelius
Buchanan	Hunt	Shoup
Burgener	Hutchinson	Shriver
Burke, Fla.	Ichord	Sikes
Burleson, Tex.	Jarman	Skubitz
Burlison, Mo.	Johnson, Pa.	Slack
Butler	Jones, Ala.	Smith, Iowa
Byron	Jones, N.C.	Smith, N.Y.
Camp	Jones, Okla.	Snyder
Carter	Kemp	Spence
Casey, Tex.	Ketchum	Staggers
Cederberg	King	Stanton, James V.
Chamberlain	Kuykendall	
Chappell	Lagomarsino	Steed
Clancy	Landgrebe	Steiger, Ariz.
Clausen, Don H.	Latta	Steiger, Wis.
	Long, La.	Stephens
Clawson, Del	Lott	Stubblefield
Collins, Tex.	McCollister	Symms
Conable	McKay	Talcott
Conlan	Mahon	Taylor, Mo.
Crane	Mallary	Taylor, N.C.
Daniel, Dan	Mann	Thomson, Wis.
Daniel, Robert W., Jr.	Martin, Nebr.	Thone
	Martin, N.C.	Thornton
Davis, S.C.	Mathis, Ga.	Towell, Nev.
Davis, Wis.	Michel	Treen
Denholm	Milford	Ullman
Dennis	Mills	Vander Jagt
Devine	Minshall, Ohio	Veysey
Dickinson	Mitchell, N.Y.	Walsh
Dorn	Mizell	Wampler
Downing	Montgomery	Ware
Duncan	Moorhead, Calif.	White
du Pont		Whitehurst
Erlenborn	Moorhead, Pa.	Whitten
Eshleman	Murphy, Ill.	Widnall
Fascell	Natcher	Wiggins
Findley	Nelsen	Wilson, Bob
Fish	Nichols	Winn
Fisher	O'Brien	Wylie
Flowers	Parris	Wyman
Flynt	Patten	Young, Alaska
Forsythe	Pepper	Young, Fla.
Fountain	Pettis	Young, Ill.
Frelinghuysen	Pickle	Young, S.C.

ANSWERED "PRESENT"—1

Edwards, Calif.

NOT VOTING—32

Arends	Hansen, Wash.	Reid
Brasco	Hawkins	Riegle
Broomfield	Hébert	Robison, N.Y.
Collier	Hogan	Rooney, N.Y.
Davis, Ga.	Huber	Shipley
Dingell	Jones, Tenn.	Stanton, J. William
Dulski	Landrum	
Gibbons	McSpadden	Stuckey
Gray	Mathias, Calif.	Teague
Gunter	Passman	Williams
Hansen, Idaho	Rarick	Young, Ga.

So the amendment to the committee amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the committee amendment.

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

RECORDED VOTE

Mr. BROWN of Michigan. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 274, noes 121, answered "present" 1, not voting 38, as follows:

[Roll No. 488]

AYES—274

Abdnor	Flynt	Murtha
Alexander	Forsythe	Myers
Anderson, Ill.	Fountain	Natcher
Andrews, N.C.	Frelinghuysen	Nelsen
Andrews, N. Dak.	Frenzel	Nichols
	Frey	Nix
Annunzio	Froehlich	O'Brien
Archer	Fulton	O'Neill
Armstrong	Fuqua	Parris
Ashbrook	Gettys	Patten
Bafalis	Gilman	Pepper
Baker	Ginn	Perkins
Barrett	Goldwater	Pettis
Bauman	Gonzalez	Pickle
Beard	Goodling	Poage
Bergland	Green, Oreg.	Powell, Ohio
Bevill	Gross	Preyer
Biaggi	Grover	Price, Tex.
Blackburn	Gubser	Quie
Blatnik	Guyer	Quillen
Boggs	Haley	Railsback
Boland	Hamilton	Rees
Boiling	Hammer-schmidt	Regula
Bowen		Rinaldo
Bray	Hanley	Roberts
Breaux	Hanrahan	Robinson, Va.
Breckinridge	Hansen, Wash.	Rogers
Brinkley	Harsha	Roncalio, Wyo.
Brooks	Hastings	Roncallo, N.Y.
Brotzman	Hays	Rooney, Pa.
Brown, Mich.	Heckler, Mass.	Rose
Brown, Ohio	Heinz	Roush
Broyhill, N.C.	Henderson	Rousselot
Broyhill, Va.	Hicks	Roy
Buchanan	Hillis	Runnels
Burgener	Hinshaw	Ruppe
Burke, Fla.	Holt	Ruth
Burleson, Tex.	Hosmer	St Germain
Burlison, Mo.	Howard	Sandman
Butler	Hudnut	Satterfield
Byron	Hungate	Scherle
Camp	Hunt	Schneebeli
Carter	Hutchinson	Sebelius
Casey, Tex.	Ichord	Shoup
Cederberg	Jarman	Shriver
Chamberlain	Johnson, Pa.	Shuster
Chappell	Jones, Ala.	Sikes
Clancy	Jones, N.C.	Skubitz
Clark	Jones, Okla.	Slack
Clausen, Don H.	Jordan	Smith, Iowa
	Kazen	Smith, N.Y.
Clawson, Del	Ketchum	Snyder
Cleveland	King	Spence
Cochran	Kluczynski	Staggers
Collins, Tex.	Kuykendall	Stanton, James V.
Conable	Lagomarsino	
Conlan	Landgrebe	Steed
Coughlin	Latta	Steelman
Crane	Lent	Steiger, Ariz.
Cronin	Lott	Steiger, Wis.
Culver	McClory	Stephens
Daniel, Dan	McCloskey	Stratton
Daniel, Robert W., Jr.	McCollister	Stubblefield
	McCormack	Symms
Davis, S.C.	McFall	Taylor, Mo.
Davis, Wis.	McKay	Taylor, N.C.
de la Garza	Macdonald	Thomson, Wis.
Delaney	Mahon	Thone
Dellenback	Mallary	Thornton
Denholm	Mann	Towell, Nev.
Dennis	Maraziti	Treen
Dent	Martin, Nebr.	Ullman
Derwinski	Martin, N.C.	Vander Jagt
Devine	Mathias, Calif.	Veysey
Dickinson	Mathis, Ga.	Waggonner
Donohue	Matsunaga	Walsh
Dorn	Mayne	Wampler
Downing	Mazzoli	Ware
Drinan	Melcher	White
Duncan	Michel	Whitehurst
du Pont	Milford	Whitten
Edwards, Ala.	Mills	Widnall
Eilberg	Minshall, Ohio	Wilson, Bob
Erlenborn	Mitchell, N.Y.	Wilson, Charles, Tex.
Esch	Mizell	
Eshleman	Mollohan	Winn
Fascell	Montgomery	Wolff
Findley	Moorhead, Calif.	Wydler
Fish		Wylie
Fisher	Moorhead, Pa.	Wyman
Flood	Mosher	Yatron
Flowers	Murphy, Ill.	Young, Alaska

Young, Fla.	Young, Tex.	Zion
Young, Ill.	Zablocki	

NOES—121

Abzug	Green, Pa.	Patman
Adams	Griffiths	Peyser
Addabbo	Gude	Pike
Anderson, Calif.	Harrington	Podell
	Hechler, W. Va.	Price, Ill.
Ashley	Helstoski	Pritchard
Aspin	Holifield	Randall
Badillo	Holtzman	Rangel
Bell	Horton	Reuss
Bennett	Johnson, Calif.	Rodino
Biester	Johnson, Colo.	Roe
Bingham	Karth	Rosenthal
Brademas	Kastenmeier	Rostenkowski
Brown, Calif.	Koch	Roybal
Burke, Calif.	Kyros	Ryan
Burke, Mass.	Leggett	Sarasin
Burton, John	Lehman	Sarbanes
Burton, Phillip	Litton	Schroeder
Carey, N.Y.	Long, La.	Seiberling
Carney, Ohio	Long, Md.	Sisk
Chisholm	Lujan	Stark
Clay	Luken	Steele
Cohen	McDade	Stokes
Collins, Ill.	McEwen	Studds
Conte	McKinney	Sullivan
Conyers	Madden	Thompson, N.J.
Corman	Madigan	Tiernan
Cotter	Meeds	Traxler
Daniels, Dominick V.	Metcalfe	Van Deerlin
	Mezvinsky	Vander Veen
Danielson	Miller	Vanik
Dellums	Minish	Vigorito
Diggs	Mink	Waldie
Eckhardt	Mitchell, Md.	Whalen
Evans, Colo.	Moakley	Wilson, Charles H., Calif.
Evins, Tenn.	Morgan	
Foley	Moss	
Ford	Murphy, N.Y.	Wright
Fraser	Nedzi	Wyatt
Gaydos	Obey	Yates
Giaimo	O'Hara	Zwach
Grasso	Owens	

ANSWERED "PRESENT"—1

Edwards, Calif.

NOT VOTING—38

Arends	Hébert	Rooney, N.Y.
Brasco	Hogan	Shipley
Broomfield	Huber	Stanton, J. William
Collier	Jones, Tenn.	
Davis, Ga.	Kemp	Stuckey
Dingell	Landrum	Symington
Dulski	McSpadden	Talcott
Gibbons	Passman	Teague
Gray	Rarick	Udall
Gunter	Reid	Wiggins
Hanna	Rhodes	Williams
Hansen, Idaho	Riegle	Young, Ga.
Hawkins	Robison, N.Y.	Young, S.C.

So the committee amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 9, beginning in line 12, strike out "at least ten days prior to settlement" and insert in lieu thereof the following:
at the time of the loan commitment, or if there is no commitment, at a time to be prescribed by the Secretary after consultation with the Federal Reserve Board.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 9, line 17, immediately after "103" insert ", or upon a form developed and prescribed by the Secretary specifically for the purposes of this section,".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 11, beginning in line 4, strike out "least ten days prior to such settlement" and insert in lieu thereof "the time specified in subsection (a) above".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 17, line 15, strike out "27" and insert in lieu thereof "24".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 18, line 14, strike out "415" and insert in lieu thereof "412".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the last committee amendment.

The Clerk read as follows:

Committee amendment: On page 19, line 17, strike out "1974" and insert in lieu thereof "1975".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MRS. SULLIVAN

Mrs. SULLIVAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SULLIVAN: Page 21, immediately after line 13, insert the following new section:

"SEC. 116. This Act does not preclude any additional requirement imposed upon any participant in any residential real estate transaction covered by this Act under the law of any State."

Redesignate the succeeding section accordingly.

Mrs. SULLIVAN. Mr. Chairman, the question may be raised that we could be preempting the rights of States and local governments to adopt and enforce residential real estate settlement reform legislation if we approve H.R. 9989, the Real Estate Procedures Act of 1974.

I think it should be made clear that no preemption of State and local government authority to protect the consumer against abusive real estate settlement practices is intended by this legislation.

The basic purpose of all the substantive sections of H.R. 9989 is to help homebuyers and homeowners by requiring that they be given the means to be informed about the nature of settlement services, abusive practices to be avoided, provided with advance disclosure of settlements and protected by prohibitions against abusive settlement practices.

There is nothing in the bill as it is written and nothing in the legislative history of the measure as it was being considered by the Banking and Currency Committee that in any way suggests that the rights of State and local governments would be preempted by the measure. As a matter of fact, it is the absence of State and local government action that served to spark initiatives by Congress to achieve much needed reforms in the area of residential real estate settlement practices.

I know that every member of the committee who voted for H.R. 9989 would welcome corresponding initiatives by State and local governments to adopt and enforce laws which are similar to, or hopefully even superior to, the provisions of the Real Estate Settlement Procedures Act of 1974 and section 701 of the Emergency Home Finance Act of 1970.

To remove any lingering doubt about this question, I want to offer an amendment in the form of a new section to H.R. 9989 to guarantee the rights of State and local governments to adopt and enforce their own residential real estate settlement measures.

My amendment adopts the design and much of the language of section 111 of Public Law 90–321, the Consumer Protection Act. As such it states that nothing in H.R. 9989 would annul, alter, affect, or exempt the laws of any State or local government dealing with residential real estate settlement procedures, unless this act offers greater protection to the seller or purchaser of residential real estate.

Mr. Chairman, my purpose in offering this amendment is to put to rest any lingering doubt as to whether the bill we are considering today preempts the rights of State and local governments in the area of residential real estate settlement reform and their enforcement. It does not and my amendment will assure that it cannot.

Mr. STEPHENS. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Georgia.

Mr. STEPHENS. I thank the gentlewoman for yielding.

Mr. Chairman, I have looked at this amendment. I think it is a good amendment. I think it is a good amendment to fit in with the rest of what we have already done on section 701 that says that if we have the States to regulate, we ought not to interfere any more, so I ask that everybody vote for this amendment.

Mr. BROWN of Michigan. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentlewoman for yielding.

I will ask the gentlewoman if it is her intention that this language has implied in it the idea of consistency; otherwise a State may adopt additional requirements consistent with this act, because in the bill we do set forth certain things where we establish a uniformity of procedure.

Is it not the gentlewoman's intention that such additional requirements would not be inconsistent with the provisions in the bill?

Mrs. SULLIVAN. I am not responsible for the legal language, but that is exactly what this means.

Mr. BROWN of Michigan. If the gentlewoman will yield further, if that is the gentlewoman's intention that any additional requirements be consistent with the provisions of this bill, then I cer-

tainly have no objection, either. I support the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Missouri (Mrs. SULLIVAN).

The amendment was agreed to.

The CHAIRMAN. Under the rule the Committees rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CULVER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 9989) to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes, pursuant to House Resolution 1252, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

PARLIAMENTARY INQUIRY

Mr. STARK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STARK. Mr. Speaker, I intend to offer a motion to recommit the bill with instructions, and it is my understanding that to do that it will be necessary for the previous motion to be defeated.

The SPEAKER. The Chair is not aware of any motion to recommit at the present time. Following the third reading of the bill, when the question is put on the passage of the bill, then the motion to recommit would be in order.

Mr. STARK. I thank the Chair.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

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

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

MOTION TO RECOMMIT

Mr. McKINNEY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McKINNEY. I am in its present form, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McKINNEY moves to recommit the bill H.R. 9989 to the Committee on Banking and Currency.

Mr. STEPHENS. Mr. Speaker, I move the previous question on the motion to recommit.

PARLIAMENTARY INQUIRY

Mr. STARK. Mr. Speaker, a parliamentary inquiry.

Mr. Speaker, I had asked to be recognized because I have an amendment to the motion to recommit.

The SPEAKER. A proper amendment will be in order if the previous question is not ordered.

Mr. STARK. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STARK. Mr. Speaker, if the motion to order to previous question is defeated, will the gentleman from California be able to offer his amendment to the motion to recommit?

The SPEAKER. A permissible amendment to the motion to recommit will be in order if the previous question is defeated.

Mr. STARK. I thank the Chair.

The SPEAKER. The question is on ordering the previous question.

PARLIAMENTARY INQUIRY

Mr. STEPHENS. Mr. Speaker, a parliamentary inquiry. Then we would vote again, if the motion to order the previous question is defeated, on what we had before us earlier.

The SPEAKER. A proper amendment will be in order if the motion on the previous question is defeated.

The gentleman from Georgia has moved the previous question on the motion to recommit.

The question is on ordering the previous question on the motion to recommit.

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

The yeas and nays were ordered.

The question was taken; and there were—yeas 237, nays 160, answered "present" 2, not voting 35, as follows:

[Roll No. 489]

YEAS—237

Abdnor	Crane	Hastings
Anderson, Ill.	Daniel, Dan	Hays
Andrews, N.C.	Daniel, Robert W., Jr.	Henderson
Andrews, N. Dak.	Davis, S.C.	Hicks
Annunzio	Davis, Wis.	Hillis
Archer	Dellenback	Hinshaw
Armstrong	Denholm	Holt
Ashbrook	Dennis	Hosmer
Bafalis	Derwinski	Howard
Baker	Devine	Hudnut
Bauman	Dickinson	Hungate
Beard	Dorn	Hunt
Bevill	Downing	Hutchinson
Blackburn	Duncan	Ichord
Bolling	du Pont	Jarman
Bowen	Edwards, Ala.	Johnson, Pa.
Bray	Erlenborn	Jones, N.C.
Breckinridge	Eshleman	Jones, Okla.
Brinkley	Fascell	Kazen
Brotzman	Findley	Kemp
Brown, Mich.	Fish	Ketchum
Brown, Ohio	Fisher	King
Broyhill, N.C.	Flowers	Kuykendall
Broyhill, Va.	Flynt	Lagomarsino
Buchanan	Forsythe	Landgrebe
Burgener	Fountain	Latta
Burke, Fla.	Frelinghuysen	Lent
Burleson, Tex.	Frenzel	Lott
Burlison, Mo.	Frey	Lujan
Butler	Froehlich	McClory
Camp	Fulton	McCollister
Carter	Fuqua	McEwen
Casey, Tex.	Gettys	McKay
Cederberg	Ginn	McKinney
Chamberlain	Goldwater	Mahon
Chappell	Gonzalez	Mallary
Clancy	Goodling	Mann
Clark	Green, Oreg.	Martin, Nebr.
Clausen, Don H.	Gubser	Martin, N.C.
Clawson, Del	Guyer	Mathias, Calif.
Cleveland	Haley	Mathis, Ga.
Cochran	Hamilton	Mayne
Collins, Tex.	Hammer-schmidt	Michel
Conable	Hanley	Milford
Conlan	Hanna	Mills
Conyers	Hanrahan	Minshall, Ohio
Coughlin	Harsha	Mitchell, N.Y.
		Mizell
		Montgomery
Moorhead, Calif.	Roy	Taylor, N.C.
Moorhead, Pa.	Runnels	Thomson, Wis.
Mosher	Ruppe	Thone
Murphy, Ill.	Ruth	Thornton
Myers	St Germain	Towell, Nev.
Natcher	Sandman	Treen
Nelsen	Sarasin	Ullman
Nichols	Satterfield	Vander Jagt
O'Brien	Scherle	Veysey
Parris	Schneebeli	Waggonner
Patten	Sebelius	Walsh
Pettis	Shoup	Wampler
Pickle	Shriver	Ware
Poage	Shuster	White
Powell, Ohio	Skubitz	Whitehurst
Preyer	Slack	Whitten
Price, Tex.	Smith, Iowa	Widnall
Quie	Smith, N.Y.	Wiggins
Quillen	Snyder	Wilson, Bob
Railsback	Spence	Winn
Randall	Staggers	Wyatt
Rees	Steed	Wydler
Regula	Steele	Wylie
Rhodes	Steelman	Wyman
Roberts	Steiger, Ariz.	Young, Alaska
Robinson, Va.	Steiger, Wis.	Young, Fla.
Rogers	Stephens	Young, Ill.
Roncallo, N.Y.	Stubblefield	Young, S.C.
Rose	Symington	Young, Tex.
Roush	Symms	Zion
Rousselot	Talcott	Zwach
	Taylor, Mo.	

NAYS—160

Abzug	Giaimo	Nix
Adams	Gilman	Obey
Addabbo	Grasso	O'Hara
Alexander	Green, Pa.	O'Neill
Anderson, Calif.	Griffiths	Owens
	Gross	Patman
Ashley	Grover	Pepper
Aspin	Gude	Perkins
Badillo	Hansen, Wash.	Peyser
Barrett	Harrington	Pike
Bell	Hechler, W. Va.	Podell
Bennett	Heckler, Mass.	Price, Ill.
Bergland	Heinz	Pritchard
Biaggi	Helstoski	Reuss
Biester	Holifield	Rinaldo
Bingham	Holtzman	Rodino
Blatnik	Horton	Roe
Boggs	Johnson, Calif.	Roncalio, Wyo.
Boland	Johnson, Colo.	Rooney, Pa.
Brademas	Jordan	Rosenthal
Breaux	Karth	Rostenkowski
Brooks	Kastenmeier	Roybal
Brown, Calif.	Kluczynski	Ryan
Burke, Calif.	Koch	Sarbanes
Burke, Mass.	Kyros	Schroeder
Burton, John	Leggett	Seiberling
Burton, Phillip	Lehman	Sisk
Carey, N.Y.	Litton	Stanton, James V.
Carney, Ohio	Long, La.	
Clay	Long, Md.	Stark
Cohen	Luken	Stokes
Collins, Ill.	McCloskey	Stratton
Conte	McCormack	Studds
Corman	McDade	Sullivan
Cotter	McFall	Thompson, N.J.
Cronin	Macdonald	Tiernan
Culver	Madden	Traxler
Daniels, Dominick V.	Madigan	Udall
	Maraziti	Van Deerlin
Danielson	Matsunaga	Vander Veen
de la Garza	Mazzoli	Vanik
Delaney	Meeds	Vigorito
Dellums	Melcher	Waldie
Dent	Metcalfe	Whalen
Diggs	Mezvinsky	Wilson, Charles H., Calif.
Donohue	Miller	
Drinan	Minish	
Eckhardt	Mink	Wilson, Charles, Tex.
Eilberg	Mitchell, Md.	
Esch	Moakley	Wolff
Evans, Colo.	Mollohan	Wright
Evins, Tenn.	Morgan	Yates
Flood	Moss	Yatron
Foley	Murphy, N.Y.	Zablocki
Ford	Murtha	
Gaydos	Nedzi	

ANSWERED "PRESENT"—2

Edwards, Calif.	Stanton, J. William

NOT VOTING—35

Arends	Dulski	Hogan
Brasco	Fraser	Huber
Broomfield	Gibbons	Jones, Ala.
Byron	Gray	Jones, Tenn.
Chisholm	Gunter	Landrum
Collier	Hansen, Idaho	McSpadden
Davis, Ga.	Hawkins	Passman
Dingell	Hébert	Rangel

Rarick	Rooney, N.Y.	Teague
Reid	Shipley	Williams
Riegle	Sikes	Young, Ga.
Robison, N.Y.	Stuckey	

So the previous question on the motion to recommit was ordered.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Rooney of New York against.

Mr. Passman for, with Mrs. Chisholm against.

Mr. Landrum for, with Mr. Reid against.

Mr. Jones of Tennessee for, with Mr. Rangel against.

Mr. Collier for, with Mr. Riegle against.

Mr. Williams for, with Mr. Young of Georgia against.

Mr. Rarick for, with Mr. Hawkins against.

Mr. Davis of Georgia for, with Mr. Dulski against.

Mr. Sikes for, with Mr. Gray against.

Until further notice:

Mr. Shipley with Mr. Dingell.

Mr. Byron with Mr. Fraser.

Mr. Gibbons with Mr. Gunter.

Mr. Jones of Alabama with Mr. McSpadden.

Mr. Teague with Mr. Stuckey.

Mr. Arends with Mr. Broomfield.

Mr. Hogan with Mr. Hansen of Idaho.

Mr. Robison of New York with Mr. Huber.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

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

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

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

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 399, nays 2, answered "present" 2, not voting 31, as follows:

[Roll No. 490]

YEAS—399

Abdnor	Brinkley	Conlan
Abzug	Brooks	Conte
Adams	Brozman	Conyers
Addabbo	Brown, Calif.	Corman
Alexander	Brown, Mich.	Cotter
Anderson, Calif.	Brown, Ohio	Coughlin
	Broyhill, N.C.	Crane
Anderson, Ill.	Broyhill, Va.	Cronin
Andrews, N.C.	Buchanan	Culver
Andrews, N. Dak.	Burgener	Daniel, Dan
	Burke, Calif.	Daniel, Robert W., Jr.
Annunzio	Burke, Fla.	
Archer	Burke, Mass.	Daniels, Dominick V.
Armstrong	Burleson, Tex.	
Ashbrook	Burlison, Mo.	Danielson
Ashley	Burton, John	Davis, S.C.
Aspin	Burton, Phillip	Davis, Wis.
Badillo	Butler	de la Garza
Bafalis	Byron	Delaney
Baker	Camp	Dellenback
Barrett	Carey, N.Y.	Dellums
Bauman	Carney, Ohio	Denholm
Beard	Carter	Dennis
Bell	Casey, Tex.	Dent
Bennett	Cederberg	Derwinski
Bergland	Chamberlain	Devine
Bevill	Chappell	Dickinson
Biaggi	Chisholm	Diggs
Biester	Clancy	Donohue
Bingham	Clark	Dorn
Blackburn	Clausen, Don H.	Downing
Blatnik		Drinan
Boggs	Clawson, Del	Duncan
Boland	Clay	du Pont
Bolling	Cleveland	Eckhardt
Bowen	Cochran	Edwards, Ala.
Brademas	Cohen	Eilberg
Bray	Collins, Ill.	Erlenborn
Breaux	Collins, Tex.	Esch
Breckinridge	Conable	Eshleman
Evans, Colo.	McCloskey	Rousselot
Evins, Tenn.	McCollister	Roy
Fascell	McCormack	Roybal
Findley	McDade	Runnels
Fish	McEwen	Ruppe
Fisher	McFall	Ruth
Flood	McKay	Ryan
Flowers	McKinney	St Germain
Flynt	Macdonald	Sandman
Foley	Madden	Sarasin
Ford	Madigan	Sarbanes
Forsythe	Mahon	Satterfield
Fountain	Mallary	Scherle
Fraser	Mann	Schneebeli
Frelinghuysen	Maraziti	Schroeder
Frenzel	Martin, Nebr.	Sebelius
Frey	Martin, N.C.	Seiberling
Froehlich	Mathias, Calif.	Shoup
Fulton	Mathis, Ga.	Shriver
Fuqua	Matsunaga	Shuster
Gaydos	Mayne	Sikes
Gettys	Mazzoli	Sisk
Giaimo	Meeds	Skubitz
Gilman	Melcher	Slack
Ginn	Metcalfe	Smith, Iowa
Goldwater	Mezvinsky	Smith, N.Y.
Gonzalez	Michel	Snyder
Goodling	Milford	Spence
Grasso	Miller	Staggers
Green, Oreg.	Mills	Stanton, James V.
Green, Pa.	Minish	
Griffiths	Mink	Stark
Gross	Minshall, Ohio	Steed
Grover	Mitchell, Md.	Steele
Gubser	Mitchell, N.Y.	Steelman
Gude	Mizell	Steiger, Ariz.
Guyer	Moakley	Steiger, Wis.
Haley	Mollohan	Stephens
Hamilton	Montgomery	Stokes
Hammer-schmidt	Moorhead, Calif.	Stratton
		Stubblefield
Hanley	Moorhead, Pa.	Studds
Hanna	Morgan	Sullivan
Hanrahan	Mosher	Symington
Hansen, Wash.	Moss	Symms
Harrington	Murphy, Ill.	Talcott
Harsha	Murphy, N.Y.	Taylor, N.C.
Hastings	Murtha	Thompson, N.J.
Hays	Myers	Thomson, Wis.
Hechler, W. Va.	Natcher	Thone
Heckler, Mass.	Nedzi	Tiernan
Heinz	Nelsen	Towell, Nev.
Helstoski	Nichols	Traxler
Henderson	Nix	Treen
Hicks	Obey	Udall
Hillis	O'Brien	Ullman
Hinshaw	O'Hara	Van Deerlin
Holifield	O'Neill	Vander Jagt
Holt	Owens	Vander Veen
Holtzman	Parris	Vanik
Horton	Patman	Veysey
Hosmer	Patten	Vigorito
Howard	Pepper	Waggonner
Hudnut	Perkins	Waldie
Hungate	Pettis	Walsh
Hunt	Peyser	Wampler
Hutchinson	Pickle	Ware
Ichord	Pike	Whalen
Jarman	Poage	White
Johnson, Calif.	Podell	Whitehurst
Johnson, Colo.	Powell, Ohio	Whitten
Johnson, Pa.	Preyer	Widnall
Jones, Ala.	Price, Ill.	Wiggins
Jones, N.C.	Price, Tex.	Wilson, Bob
Jones, Okla.	Pritchard	Wilson, Charles H., Calif.
Jordan	Quie	
Karth	Quillen	
Kazen	Railsback	Wilson, Charles, Tex.
Kemp	Randall	
Ketchum	Rangel	Winn
King	Rees	Wolff
Kluczynski	Regula	Wright
Koch	Reuss	Wyatt
Kuykendall	Rhodes	Wydler
Kyros	Rinaldo	Wylie
Lagomarsino	Roberts	Wyman
Latta	Robinson, Va.	Yates
Leggett	Rodino	Yatron
Lehman	Roe	Young, Alaska
Lent	Rogers	Young, Fla.
Litton	Roncalio, Wyo.	Young, Ill.
Long, La.	Roncallo, N.Y.	Young, S.C.
Long, Md.	Rooney, Pa.	Young, Tex.
Lott	Rose	Zablocki
Lujan	Rosenthal	Zion
Luken	Rostenkowski	Zwach
McClory	Roush	

NAYS—2

Kastenmeier	Landgrebe

ANSWERED "PRESENT"—2

Edwards, Calif.	Stanton, J. William

NOT VOTING—31

Arends	Hawkins	Robison, N.Y.
Brasco	Hébert	Rooney, N.Y.
Broomfield	Hogan	Shipley
Collier	Huber	Stuckey
Davis, Ga.	Jones, Tenn.	Taylor, Mo.
Dingell	Landrum	Teague
Dulski	McSpadden	Thornton
Gibbons	Passman	Williams
Gray	Rarick	Young, Ga.
Gunter	Reid	
Hansen, Idaho	Riegle	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Teague with Mr. McSpadden.

Mr. Rooney of New York with Mr. Davis of Georgia.

Mr. Landrum with Mr. Gibbons.

Mr. Dingell with Mr. Jones of Tennessee.

Mr. Hébert with Mr. Arends.

Mr. Dulski with Mr. Hansen of Idaho.

Mr. Stuckey with Mr. Huber.

Mr. Young of Georgia with Mr. Thornton.

Mr. Rarick with Mr. Williams.

Mr. Passman with Mr. Broomfield.

Mr. Riegle with Mr. Robison of New York.

Mr. Shipley with Mr. Hogan.

Mr. Reid with Mr. Collier.

Mr. Gunter with Mr. Taylor of Missouri.

Mr. Hawkins with Mr. Gray.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. BARRETT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate bill (S. 3164) to provide for greater disclosure of the nature and costs of real estate settlement services, to eliminate the payment of kickbacks and unearned fees in connection with settlement services provided in federally related mortgage transactions, and for other purposes, a bill similar to H.R. 9989 just passed by the House.

The Clerk read the title of the Senate bill.

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

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3164

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

SHORT TITLE

SECTION 1. This Act may be cited as the "Real Estate Settlement Procedures Act of 1974".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that significant reforms in the real estate settlement process are needed to insure that consumers throughout the Nation are provided with greater and more timely information on the nature and costs of the settlement process and are protected from unnecessarily high settlement charges caused by certain abusive practices that have developed in some areas of the country. The Congress also finds that it has been over two years since the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs submitted their joint report to the Congress on "Mortgage Settlement Costs" and that the time has come for the recommendations for Federal legislative action made in that report to be implemented.

(b) It is the purpose of this Act to effect certain changes in the settlement process for residential real estate that will result—

(1) in more effective advance disclosure to home buyers and sellers of settlement costs;

(2) in the elimination of kickbacks or referral fees that tend to increase unnecessarily the costs of certain settlement services;

(3) in a reduction in the amounts home buyers are required to place in escrow accounts established to insure the payment of real estate taxes and insurance; and

(4) in significant reform and modernization of local recordkeeping of land title information.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) the term "federally related mortgage loan" includes any loan which—

(A) is secured by residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families; and

(B) (i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is regulated by any agency of the Federal Government; or

(ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary or a housing or related program administered by any other such officer or agency; or

(iii) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

(iv) is made in whole or in part by any "creditor", as defined in section 103(f) of the Consumer Credit Protection Act (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year;

(2) the term "thing of value" includes any payment, advance, funds, loan, service, or other consideration;

(3) the term "settlement services" includes any service provided in connection with a real estate settlement including, but not limited to, the following: title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, property surveys, the rendering of credit reports or appraisals, pest and fungus inspections, services rendered by a realtor, and the handling of the processing, and closing or settlement; and

(4) the term "Secretary" means the Secretary of Housing and Urban Development.

UNIFORM SETTLEMENT STATEMENT

SEC. 4. The Secretary, in consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, shall develop and prescribe a standard form for the statement of settlement costs which shall be used (with such minimum variations as may be necessary to reflect unavoidable differences in legal and administrative requirements or practices in different areas of the country) as the standard real estate settlement form in all transactions in the United States which involve federally related mortgage loans. Such form shall conspicuously and clearly itemize all charges imposed upon the borrower and all charges imposed upon the seller in connection with the settlement and shall indicate whether any title insurance premium included in such charges covers or insures the lender's interest in the property, the borrower's interest, or both. Such form shall include all information and data required to be provided for such transactions under the Truth in Lending Act and the regulations issued thereunder by the Federal Reserve Board, and may be used in satisfaction of the disclosure requirements of that Act, and shall also include provision for execution of the waiver allowed by section 6(c).

SPECIAL INFORMATION BOOKLETS

SEC. 5. (a) The Secretary shall prepare and distribute booklets to help persons borrowing money to finance the purchase of residential real estate better to understand the nature and costs of real estate settlement services. The Secretary shall distribute such booklets to all lenders which make federally related mortgage loans.

(b) Each booklet shall be in such form and detail as the Secretary shall prescribe and, in addition to such other information as the Secretary may provide, shall include in clear and concise language—

(1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement, including, where practicable, the average amount of such costs in the region where the settlement is made;

(2) an explanation and sample of the standard real estate settlement form developed and prescribed under section 4;

(3) a description and explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;

(4) an explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement; and

(5) an explanation of the unfair practices and unreasonable or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement.

Such booklets shall reflect differences in real estate settlement procedures which may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory.

(c) Each lender referred to in subsection (a) shall provide the booklet described in such subsection to each person from whom it receives an application to borrow money to finance the purchase of residential real estate. Such booklet shall be provided at the time of receipt of such application.

(d) Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

ADVANCE DISCLOSURE OF SETTLEMENT COSTS

SEC. 6. (a) Any lender agreeing to make a federally related mortgage loan shall provide or cause to be provided to the prospective borrower, to the prospective seller, and to any officer or agency of the Federal Government proposing to insure, guarantee, supplement, or assist such loan, at least fifteen days prior to settlement, upon the standard real estate settlement form developed and prescribed under section 4 and in accordance with regulations prescribed by the Secretary, an itemized disclosure in writing of each charge arising in connection with such settlement. For the purposes of complying with this section, it shall be the duty of the lender agreeing to make the loan to obtain or cause to be obtained from persons who provide or will provide services in connection with such settlement the amount of each charge they intend to make. In the event the exact amount of any such charge is not available, a good faith estimate of such charge may be provided.

(b) If any lender fails to provide a prospective borrower with the disclosure as required by subsection (a), it shall be liable to such borrower in an amount equal to—

(1) the actual damages involved or $500, which ever is greater, and

(2) in the case of any successful action to enforce the foregoing liability, the costs of the action together with a reasonable attorney's fee as determined by the court;

except that a lender may not be held liable for a violation in any action brought under this subsection if it shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures adopted to avoid any such error.

(c) The provisions of subsection (a) shall be deemed to be satisfied with respect to any settlement involving a federally related mortgage loan if the disclosure required by subsection (a) is provided at any time prior to settlement and the prospective borrower executes, under terms and conditions prescribed by regulations to be issued by the Secretary after consultation with the Federal Reserve Board, a waiver of the requirement that the disclosure be provided at least fifteen days prior to such settlement. In issuing such regulations, the Secretary shall take into account the need to protect the borrower's right to a timely disclosure.

(d) With respect to any particular transaction involving a federally related mortgage loan, no borrower shall maintain an action or separate actions against any lender under both the provisions of this section and the provisions of section 130 of the Consumer Credit Protection Act (15 U.S.C. 1640).

PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES

SEC. 7. (a) No person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement involving a federally related mortgage loan shall be referred to any person.

(b) No person shall give and no person shall accept any portion, split, or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed.

(c) Nothing in this section shall be construed as prohibiting (1) the payment of a fee (A) to attorneys at law for services actually rendered or (B) by a title company to its duly appointed agent for services actually performed in the issuance of a policy of title insurance or (C) by a lender to its duly appointed agent for services actually performed in the making of a loan, or (2) the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed.

(d) (1) Any person or persons who violate the provisions of this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(2) In addition to the penalties provided by paragraph (1) of this subsection, any person or persons who violate the provisions of subsection (a) shall be jointly and severally liable to the person or persons whose business has been referred in an amount equal to three times the value or amount of the fee or thing of value, and any person or persons who violate the provisions of subsection (b) shall be jointly and severally liable to the person or persons charged for the settlement services involved in an amount equal to three times the amount of the portion, split, or percentage. In any successful action to enforce the liability under this paragraph, the court may award the costs of the action together with a reasonable attorney's fee as determined by the court.

LIMITATION ON REQUIREMENT OF ADVANCE DEPOSITS IN ESCROW ACCOUNTS

SEC. 8. No lender, in connection with a federally related mortgage loan, shall require the borrower or prospective borrower—

(1) to deposit in any escow account which

may be established in connection with such loan for the purpose of assuring payment of taxes and insurance premiums with respect to the property, prior to or upon the date of settlement, an aggregate sum (for such purpose) in excess of—

(A) in any jurisdiction where such taxes and insurance premiums are postpaid, the total amount of such taxes and insurance premiums which will actually be due and payable on the date of settlement and the pro rata portion thereof which has accrued, or

(B) in any jurisdiction where such taxes and insurance premiums are prepaid, a pro rata portion of the estimated taxes and insurance premiums corresponding to the number of months from the last date of payment to the date of settlement,

plus one-twelfth of the estimated amount of such taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the date of settlement; or

(2) to deposit in any such escrow account in any month beginning after the date of settlement a sum (for the purpose of assuring payment of taxes and insurance premiums with respect to the property) in excess of one-twelfth of the total amount of the estimated taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the first day of such month, except that in the event the lender determines there will be a deficiency on the due date he shall not be prohibited from requiring additional monthly deposits in such escrow account of pro rata portions of the deficiency corresponding to the number of months from the date of the lender's determination of such deficiency to the date upon which such taxes and insurance premiums become due and payable.

ESTABLISHMENT ON DEMONSTRATION BASIS OF LAND PARCEL RECORDATION SYSTEM

SEC. 9. The Secretary shall establish and place in operation of a demonstration basis, in representative political subdivisions (selected by him) in various areas of the United States, a model system or systems for the recordation of land title information in a manner and form calculated to facilitate and simplify land transfers and mortgage transactions and reduce the cost thereof, with a view to the possible development (utilizing the information and experience gained under this section) of a nationally uniform system of land parcel recordation.

REPORT OF THE SECRETARY ON NECESSITY FOR FURTHER CONGRESSIONAL ACTION

SEC. 10. (a) The Secretary, after consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, and after such study, investigation, and hearings (at which representatives of consumers groups shall be allowed to testify) as he deems appropriate, shall, not less than three years nor more than five years from the effective date of this Act, report to the Congress on whether, in view of the implementation of the provisions of this Act imposing certain requirements and prohibiting certain practices in connection with real estate settlements, there is any necessity for further legislation in this area.

(b) If the Secretary concludes that there is necessity for further legislation, he shall report to the Congress on the specific practices or problems that should be the subject of such legislation and the corrective measures that need to be taken. In addition, the Secretary shall include in his report—

(1) recommendations on the desirability of requiring lenders of federally related mortgage loans to bear the costs of particular real estate settlement services that would otherwise be paid for by borrowers;

(2) recommendations on whether Federal regulations of the charges for real estate settlement services in federally related mortgage transactions is necessary and desirable, and, if he concludes that such regulation is necessary and desirable, a description and analysis of the regulatory scheme he believes Congress should adopt;

(3) recommendations on the desirability of the Secretary establishing procedures to provide to the borrower and seller all clerical and administrative services incident to or a part of a real estate settlement which may be allowed in connection with the financing of housing constructed, purchased, or rehabilitated with the assistance of Federal related mortgage loans; and

(4) recommendations on the ways in which the Federal Government can assist and encourage local governments to modernize their methods for the recordation of land title information, including the feasibility of providing financial assistance or incentives to local governments that seek to adopt one of the model systems developed by the Secretary in accordance with the provisions of section 9 of this Act.

FEE FOR PREPARATION OF TRUTH-IN-LENDING AND UNIFORM SETTLEMENT STATEMENTS

SEC. 11. No fee shall be imposed or charge made upon any other person (as a part of settlement costs or otherwise) by a lender in connection with a federally related mortgage loan made by it (or a loan for the purchase of a mobile home), for or on account of the preparation and submission by such lender of the statement or statements required (in connection with such loan) by sections 4 and 6 of this Act or by the Truth in Lending Act.

JURISDICTION OF COURTS

SEC. 12. Any action to recover damages pursuant to the provisions of section 6 or 7 shall be brought only in a State court of competent jurisdiction in the State in which the property involved is located within one year from the date of the occurrence of the violation.

VALIDITY OF CONTRACTS AND LIENS

SEC. 13. Nothing in this Act shall affect the validity or enforceability of any sale or contract for the sale of real property or any loan, loan agreement, mortgage, or lien made or arising in connection with a federally related mortgage loan.

EFFECTIVE DATE

SEC. 14. The provisions of this Act, and the amendment made thereby, shall become effective one hundred and eighty days after the date of the enactment of this Act.

MOTION OFFERED BY MR. BARRETT

Mr. BARRETT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BARRETT moves to strike out all after the enacting clause of S. 3164 and to insert in lieu thereof the provisions of H.R. 9989, as passed, as follows:

That this Act shall be referred to as the "Real Estate Settlement Procedures Act of 1974".

DEFINITIONS

SEC. 101. For purposes of this Act—

(1) the term "federally related mortgage loan" includes any loan which—

(A) is secured by residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families; and

(B) (i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is itself regulated by any agency of the Federal Government; or

(ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary or a housing or related program administered by any other such officer or agency; or

(iii) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

(iv) is made in whole or in part by any "creditor", as defined in section 103(f) of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1602 (f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year;

(2) the term "thing of value" includes any payment, advance, funds, loan, service, or other consideration;

(3) the term "title company" means any institution which is qualified to issue title insurance, directly or through its agents, and also refers to any duly authorized agent of a title company;

(4) the term "person" includes individuals, corporations, associations, partnerships, and trusts;

(5) the term "settlement services" includes the following services when provided in connection with a real estate settlement; title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, property surveys, the rendering of credit reports, pest and fungus inspections, and the handling of the closing or settlement; and

(6) the term "Secretary" means the Secretary of Housing and Urban Development.

REPORT OF THE SECRETARY ON NECESSITY FOR FURTHER CONGRESSIONAL ACTION

SEC. 102. (a) The Secretary, after consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, and after such study, investigation, and hearings (at which representatives of consumer groups shall be allowed to testify) as he deems appropriate, shall, not less than three years nor more than five years from the effective date of this Act, report to the Congress on whether, in view of the implementation of the provisions of this Act imposing certain requirements and prohibiting certain practices in connection with real estate settlements, there is any necessity for further legislation in this area.

(b) If the Secretary concludes that there is necessity for further legislation, he shall report to the Congress on the specific practices or problems that should be the subject of such legislation and the corrective measures that need to be taken. In addition, the Secretary shall include in his report—

(1) recommendations on the desirability of requiring lenders of federally related mortgage loans to bear the costs of particular real estate settlement services that would otherwise be paid for by borrowers;

(2) recommendations on whether Federal regulation of the charges for real estate settlement services in federally related mortgage transactions is necessary and desirable, and, if he concludes that such regulation is necessary and desirable, a description and analysis of the regulatory scheme he believes Congress should adopt; and

(3) recommendations on the ways in which the Federal Government can assist and encourage local governments to modernize their methods for the recordation of land title information, including the feasibility of providing financial assistance or incentives to local governments that seek to adopt one of the model systems developed by the Secre-

tary in accordance with the provisions of section 110 of this Act.

(c) Section 701 of the Emergency Home Finance Act of 1970 (12 U.S.C. 1710, note) is repealed.

UNIFORM SETTLEMENT STATEMENT

SEC. 103. The Secretary, in consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, shall develop and prescribe a standard form for the statement of settlement costs which shall be used (with such minimum variations as may be necessary to reflect unavoidable differences in legal and administrative requirements or practices in different areas of the country) as the standard real estate settlement form in all transactions in the United States which involve federally related mortgage loans. Such form shall conspicuously and clearly itemize the charges imposed upon both the borrower and the seller in connection with the settlement, and shall indicate whether the title insurance premium included in such charges covers or insures the lender's interest in the property, the borrower's interest, or both. Such form shall include all information and data required to be provided for such transactions under the Truth-in-Lending Act and the regulations issued thereunder by the Federal Reserve Board, and may be used in satisfaction of the disclosure requirements of that Act, and shall also include provision for execution of the waiver allowed by section 105(c).

SPECIAL INFORMATION BOOKLETS

SEC. 104. (a) The Secretary shall prepare and distribute special booklets to help persons borrowing money to finance the purchase of residential real estate to better understand the nature and costs of real estate settlement services. The Secretary shall distribute such booklets to all lenders which make federally related mortgage loans.

(b) Each booklet shall be in such form and detail as the Secretary shall prescribe and, in addition to such other information as the Secretary may provide, shall include in clear and concise language—

(1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement;

(2) an explanation and sample of the standard real estate settlement form developed and prescribed under section 103;

(3) a description and explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;

(4) an explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement; and

(5) an explanation of the unfair practices and unreasonable or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement.

Such booklets shall take into consideration differences in real estate settlement procedures which may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory.

(c) Each lender referred to in subsection (a) shall provide the booklet described in such subsection to each person from whom it receives an application to borrow money to finance the purchase of residential real estate. Such booklet shall be provided at the time of receipt of such application.

(d) Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

ADVANCE DISCLOSURE OF SETTLEMENT COSTS

SEC. 105. (a) Any lender agreeing to make a federally related mortgage loan shall provide or cause to be provided to the prospective borrower, and to any officer or agency of the Federal Government proposing to loan at the time of the loan commitment or insure, guarantee, supplement, or assist such loan, at the time of the loan commitment, or, if there is no commitment, at a time to be prescribed by the Secretary after consultation with the Federal Reserve Board, upon the standard real estate settlement form developed and prescribed by the Secretary specifically for the purposes of this section, and in accordance with regulations prescribed by the Secretary, an itemized disclosure in writing of each charge arising in connection with such settlement. For the purpose of complying with this section, it shall be the duty of the lender agreeing to make the loan to obtain or cause to be obtained from persons who provide or will provide services in connection with such settlement the amount of each charge they intend to make. With respect to any charges arising in connection with the settlement, in the event the exact amount of any such charge is not available, a good faith estimate of such charge may be provided.

(b) If any lender fails to provide a prospective borrower with the disclosure as required by subsection (a), it shall be liable to such borrower in an amount equal to—

(1) the actual damages involved or $500, whichever is higher, and

(2) in the case of any successful action to enforce the foregoing liability, the costs of the action together with a reasonable attorney's fee as determined by the court;

except that a lender may not be held liable for a violation in any action brought under this subsection if it shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance or procedures adopted to avoid any such error.

(c) The provisions of subsection (a) shall be deemed to be satisfied with respect to any settlement involving a federally related mortgage loan if the disclosure required by subsection (a) is provided at any time prior to settlement and the prospective borrower executes, under terms and conditions prescribed by regulations to be issued by the Secretary after consultation with the Federal Reserve Board, a waiver of the requirement that the disclosure be provided at the time specified in subsection (a) above.

(d) With respect to any particular transaction involving a federally related mortgage loan, no borrower shall maintain an action or separate actions against any lender under both the provisions of this section and the provisions of section 130 of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1640).

PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES

SEC. 106. (a) No person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement involving a federally related mortgage loan shall be referred to any person.

(b) No person shall give and no person shall accept any portion, split or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan, other than for services actually performed.

(c) Nothing in this section shall be construed as prohibiting (1) the payment of a fee (i) to attorneys at law for services actually rendered or (ii) by a title company to its duly appointed agent for services actually performed in the issuance of a policy of title insurance or (iii) by a lender to its duly appointed agent for services actually performed in the making of a loan, or (2) the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed.

(d) (1) Any person or persons who violate the provisions of this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(2) In addition to the penalties provided by paragraph (1) of this subsection, any person or persons who violate the provisions of subsection (a) shall be jointly and severally liable to the person or persons whose business has been referred in an amount equal to three times the value or amount of the fee or thing of value, and any person or persons who violate the provisions of subsection (b) shall be jointly and severally liable to the person or persons charged for the settlement services involved in an amount equal to three times the amount of the portion, split, or percentage.

LIMITATION ON RETIREMENT OF ADVANCE DEPOSITS IN ESCROW ACCOUNTS

SEC. 107. No lender, in connection with a federally related mortgage loan, shall require the borrower or prospective borrower—

(1) to deposit in any escrow account which may be established in connection with such loan for the purpose of assuring payment of taxes and insurance premiums with respect to the property, prior to or upon the date of settlement, an aggregate sum (for such purpose) in excess of—

(A) in any jurisdiction where such taxes and insurance premiums are postpaid, the total amount of such taxes and insurance premiums which will actually be due and payable on the date of settlement and the pro rata portion thereof which has accrued, or

(B) in any jurisdiction where such taxes and insurance premiums are prepaid, a pro rata portion of the estimated taxes and insurance premiums corresponding to the number of months from the last date of payment to the date of settlement,

plus one-twelfth of the estimated total amount of such taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the date of settlement; or

(2) to deposit in any such escrow account in any month beginning after the date of settlement a sum (for the purpose of assuring payment of taxes and insurance premiums with respect to the property) in excess of one-twelfth of the total amount of the estimated taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the first day of such month, except that in the event the lender determines there will be a deficiency on the due date he shall not be prohibited from requiring additional monthly deposits in such escrow account of pro rata portions of the deficiency corresponding to the number of months from the date of the lender's determination of such deficiency to the date upon which such taxes and insurance premiums become due and payable.

DISCLOSURE OF PREVIOUS SELLING PRICE OF EXISTING REAL PROPERTY

SEC. 108. (a) No lender shall make any commitment for a federally related mortgage loan unless it has confirmed that the following information has been disclosed in writing by the seller or his agent to the buyer—

(1) the name and address of the present owner of the property being sold;

(2) the date the property was acquired by the present owner (the year only if the property was acquired more than two years previously);

(3) whether any options or contracts to sell are outstanding in regard to the property, and if so, the amount involved in such options or contracts; and

(4) if the seller has not owned the prop-

erty for at least two years prior to the date of the loan application and has not used the property as a place of residence, the date and purchase price of the last arm's length transfer of the property, a list of any subsequent improvements made to the property (excluding maintenance repairs) and the cost of such improvements.

(b) The obligations imposed upon a lender by this section shall be deemed satisfied and a commitment for a federally related mortgage loan may thereafter be made if the lender receives a copy of the written statement provided by the seller to the buyer supplying the information required by subsection (a).

(c) Whoever willfully provides false information under this section or otherwise willfully fails to comply with its requirements shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

FEE FOR PREPARATION OF TRUTH-IN-LENDING AND UNIFORM SETTLEMENT STATEMENTS

SEC. 109. No fee shall be imposed or charge made upon any other person (as a part of settlement costs or otherwise) by a lender in connection with a federally related mortgage loan made by it (or a loan for the purchase of a mobile home), for or on account of the preparation and submission by such lender of the statement or statements required (in connection with such loan) by sections 103 and 105 of this Act or by the Truth-in-Lending Act.

ESTABLISHMENT ON DEMONSTRATION BASIS OF LAND PARCEL RECORDATION SYSTEM

SEC. 110. The Secretary shall establish and place in operation on a demonstration basis, in representative political subdivision (selected by him) in various areas of the United States, a model system or systems for the recordation of land parcels in a manner and form calculated to facilitate and simplify land transfers and mortgage transactions and reduce the cost thereof, with a view to the possible development (utilizing the information and experience gained under this section) of a nationally uniform system of land parcel recordation.

TITLE COMPANIES

SEC. 111. (a) No seller of property that will be purchased with the assistance of a federally related mortgage loan shall require directly or indirectly, as a condition to selling the property, that title insurance covering the property be obtained from any particular title company.

(b) Any seller who violates the provisions of subsection (a) shall be liable to the buyer in an amount equal to three times all charges made for such title insurance.

LIMITATIONS AND DISCLOSURES WITH RESPECT TO CERTAIN FEDERALLY RELATED MORTGAGE LOANS

SEC. 112. (a) The Federal Deposit Insurance Act is amended by adding at the end thereof the following new section:

"SEC. 24. (a) No insured bank, or mutual savings or cooperative bank which is not an insured bank, shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the bank. At the request of the Corporation, the bank shall report to the Corporation on the identity of such person and the nature and amount of the loan, discount, or other extension of credit; and the Corporation may make available to the public the information contained in any such report.

"(b) In addition to other available remedies, this section may be enforced with respect to mutual savings and cooperative banks which are not insured banks in accordance with section 8 of this Act, and for such purpose such mutual savings and cooperative banks shall be held and considered to be State nonmember insured banks and the appropriate Federal agency with respect to such mutual savings and cooperative banks shall be the Federal Deposit Insurance Corporation."

(b) Title IV of the National Housing Act is amended by adding at the end thereof the following new section:

"SEC. 412. No insured institution shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the institution. At the request of the Federal Home Loan Bank Board, the insured institution shall report to the Board on the identity of such person and the nature and amount of the loan; and the Board may make available to the public the information contained in any such report."

(c) The Federal Deposit Insurance Corporation or the Federal Home Loan Bank Board as appropriate may by regulation exempt classes or types of transactions from the provisions added by this section if the Corporation or the Board determines that the purposes of this section would not be advanced materially by their application to such transactions.

STUDY CONCERNING PAYMENT OF INTEREST ON CERTAIN ESCROW ACCOUNTS

SEC. 113. (a) The Board of Governors of the Federal Reserve System is authorized and directed to conduct a study of escrow accounts maintained by lenders in connection with mortgage loans which require borrowers to make periodic prepayment of taxes, insurance, and other items with respect to residential real property, in order to determine the feasibility of requiring lenders to pay interest on such accounts. The results of such study shall be transmitted by the Board of Governors to the Congress in the form of a report on or before June 30, 1975.

(b) The report referred to in subsection (a) shall include, but need not be limited to, the following information—

(1) the cost to lenders of maintaining such escrow accounts and the basis for the determination of such cost;

(2) the profit made or loss sustained, if any, by lenders with respect to such escrow accounts and the basis for the determination of such profit or loss;

(3) a comparison of the cost to lenders of maintaining such escrow accounts and the cost of offering other similar account services, such as limited checking and savings accounts;

(4) an estimate of the aggregate amount of moneys kept, on a national basis, and to the extent feasible on a State and regional or other appropriate geographic basis, in such escrow accounts by lenders, including separate totals with respect to the amounts of moneys in such escrow accounts for the payment of taxes, the payment of insurance, and the payment of other items;

(5) an estimate of the extent to which foreclosures have occurred on mortgaged residential property as a result of the failure to establish escrow accounts for the payment of taxes and insurance by the owners of such property;

(6) the value of State and local tax collection agencies of services performed by lenders in having borrowers make periodic prepayment of taxes with respect to residential real property; and

(7) the extent to which lenders make periodic charges to borrowers with respect to residential real property for the search of tax records on such property, and the justification, if any, for such charges.

JURISDICTION OF COURTS

SEC. 114. Any action to recover damages pursuant to the provisions of section 105, 106, or 111 may be brought in the United States district court for the district in which the property involved is located, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation.

VALIDITY OF CONTRACTS AND LIENS

SEC. 115. Nothing in this Act shall affect the validity or enforceability of any sale or contract for the sale of real property or any loan, loan agreement, mortgage, or lien made or arising in connection with a federally related mortgage loan.

SEC. 116. This Act does not preclude any additional requirement imposed upon any participant in any residential real estate transaction covered by this Act under the law of any State.

EFFECTIVE DATE

SEC. 117. The provisions of this Act, and the amendments made thereby, shall become effective one hundred and eighty days after the date of the enactment of this Act.

The motion was agreed to.

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

The title was amended so as to read: "to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 9989) was laid on the table.

GENERAL LEAVE

Mr. BARRETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and includes extraneous matter, on the subject of the bill just passed.

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

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 6191, AMENDING THE TARIFF SCHEDULES OF THE UNITED STATES ON CERTAIN FORMS OF ZINC

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6191), to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

APPOINTMENT OF CONFEREES ON H.R. 7780, EXTENDING SUSPENSION OF DUTIES ON YARNS OF SILK

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7780), to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

APPOINTMENT OF CONFEREES ON H.R. 11251, AMENDING TARIFF SCHEDULES TO PROVIDE FOR DUTY-FREE ENTRY OF METHANOL

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11251), to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as fuel, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

APPOINTMENT OF CONFEREES ON H.R. 11830, SUSPENSION OF DUTY ON SYNTHETIC RUTILE

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11830), to suspend the duty on synthetic rutile until the close of June 30, 1977, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

APPOINTMENT OF CONFEREES ON H.R. 12035, SUSPENSION OF DUTY ON CERTAIN CARBOXYMETHYL CELLULOSE SALTS

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12035), to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

APPOINTMENT OF CONFEREES ON H.R. 13631, SUSPENSION OF IMPORT DUTY ON CERTAIN HORSES

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 13631), to suspend for a temporary period the import duty on certain horses, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

HOUR OF MEETING ON THURSDAY, AUGUST 15, 1974

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 a.m. on tomorrow.

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

There was no objection.

FEDERAL MASS TRANSPORTATION ACT OF 1974

Mr. BLATNIK. Mr Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12859) to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Minnesota.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 12859, with Mr. SYMINGTON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Minnesota (Mr. BLATNIK) is recognized for 1 hour, and the gentleman from Ohio (Mr. HARSHA) is recognized for 1 hour.

The Chair recognizes the gentleman from Minnesota (Mr. BLATNIK).

Mr. BLATNIK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the matter of public mass transportation is one which has received the attention of the Committee on Public Works for over a year.

Historically, this committee has considered and recommended legislation for several modes of transportation. Over the years we have pioneered in the field of highway transportation and in the improvement of navigation in the inland and coastal waters of the United States. These Highway Acts and River and Harbor Acts have made possible the efficient and economic transportation of people and goods necessary to our economy and our standard of living.

Now, we are faced with a new challenge—that of mobility within the cities and urbanized areas of our Nation. The needs for a solution to this problem have been intensified by future energy conservation requirements and the continuing pressure on our metropolitan areas to meet Federal environmental protection standards.

In developing H.R. 12859, the committee conducted long and intensive hearings here in Washington and throughout the country. During one week in April the committee held public hearings in New York City, Boston, Los Angeles, Atlanta, Chicago, and Sacramento. Inspections of the existing highway networks and public mass transportation systems were held in these and other cities during this period. In addition to the testimony taken during these hearings, questionnaires were sent to more than 200 urbanized areas soliciting information as to the status and transportation needs of these areas.

As a result of these hearings and the massive effort put forth by the committee, today we bring to the floor of the House H.R. 12859, the Federal Mass Transportation Act of 1974. This bill which will be explained in detail by my colleagues on the committee who will follow me is one which I believe will be a landmark in our legislative accomplishments. This is a bill which I believe will compare in stature with the Federal-Aid Highway Act of 1956 and the Federal Water Pollution Control Act, which were also created by the Committee on Public Works and enacted by the Congress.

During my 28 years in Congress and on the Public Works Committee few bills have so involved all of the members of the committee as has H.R. 12859. Each and every member has participated in this bill during the hearings, markup, and caucuses. Each member has contributed to this remarkable legislation, and I wish to express my appreciation to each and every member of the committee. Particular appreciation is owed to the gentleman from Alabama (Mr. JONES) who has exerted tremendous leadership in bringing this bill to the floor today. I would also thank the gentleman from Illinois (Mr. KLUCZYNSKI), chairman of the Subcommittee on Transportation; the gentleman from Ohio (Mr. STANTON); the gentlewoman from New York (Ms. ABZUG); and the gentleman from Ohio (Mr. HARSHA) who as usual has given us a great deal of cooperation in our consideration of this legislation.

I urge your approval of H.R. 12859, as reported, so that the people of our great urbanized areas may understand that relief from traffic congestion and environmental degradation is on its way.

Mr. HARSHA. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. SHUSTER), a member of the committee.

Mr. SHUSTER. Mr. Chairman, it would be very tempting for a Member such as myself, who does not represent a large city, to oppose mass transit in

any form. In fact, today very good arguments can be made for opposing mass transit. Certainly, the issue of inflation is heavily upon us, and we recognize that spending money, particularly for capital investment, is inflationary and can fuel the flames of this so-called public enemy No. 1.

Further, for those of us who are not from the large cities, we know all too well that mass transit does not do anything for our congressional district. Therefore, why should we support it?

We can argue further that mass transit, while national in scope, is not an interstate problem. It is essentially many regional or local problems across our land.

For these reasons, it indeed is tempting to oppose this bill. But on the other hand, Mr. Chairman, it is very clear to those of us who have worked on the Committee on Public Works that the mass transit problems of our major cities are among the most serious problems in our Nation today.

Indeed our cities are choking. Mass transit, while not an interstate problem, is indeed a national problem.

Further, we recognize that with the energy crunch our Nation has faced and will face, it makes it doubly important that we find ways to conserve energy. Certainly switching from the automobile to mass transit is one such method.

Also we are well aware of the fact that one of the reasons our cities are choking is because of the need for clean air in those cities. We recognize the need for a cleaner environment, and we recognize that mass transit would certainly provide that benefit as one of the secondary gains.

So we look at the reasons why we should oppose mass transit, we look at the problems facing this Nation, and I for one, representing not a large city, nevertheless have to come to the conclusion that we should try to enact a mass transit bill; that we should attempt to get through sound mass transit legislation to deal with the problems facing America today.

Having said that, Mr. Chairman, I see three very serious defects in the bill which is before us today. It is my hope that we are going to be able to remedy these defects, and if we can, I for one certainly shall support mass transit legislation.

First of all, the cost of this legislation, the bill before us, is $20 billion. I understand our friends on the other side may be reducing that figure to $15 billion. Nevertheless, $15 billion is just too much money, given the inflationary problems of our country today.

In fact, we sat here in this Chamber just a few evenings ago and applauded our new President when he said that inflation is public enemy No. 1. It would appear to me, Mr. Chairman, that we are going to have, today and tomorrow, on this floor the first test of whether we simply are going to applaud the words of the new President or whether we are indeed going to follow up our applause with tough action to cut this bill.

It is no secret that the administration has said it will veto anything which substantially exceeds $10 or $11 billion. So I suppose if the majority here wants an issue, it can have an issue.

On the other hand, I like to believe that the majority, along with the minority or most of the minority, wants a mass transit bill. I hope that is true. If we really want legislation instead of an issue, then I hope we will be able to pare this $20 billion or $15 billion down to $10 or $11 billion, to a point which will permit the President to sign it rather than veto it. So this is the first major defect which I hope can be cured.

The second major defect which I believe must be cured is that of operating subsidies. Operating subsidies, in my considered judgment, should be eliminated from this bill for several reasons: First, because they represent a bottomless pit; and second, because there are only limited dollars, and those limited dollars should be spent for capital investment rather than operating subsidies.

The third defect in the bill, in my opinion, is that it does not require local efforts, it does not require local elected officials to make the tough decisions to encourage mass transit, such as local parking taxes, bus lanes, and limited traffic in congested areas. I think this defect must be cured also.

I intend, along with other Members, to offer amendments so that we can end up with a bill we can vote for and one which the President can sign into law.

Mr. Chairman, I urge as this debate proceeds that we attempt together to iron out our differences so that rather than having legislation which is vetoed, we can end up with a legitimate mass transit bill for America.

Mr. BLATNIK. Mr. Chairman, I yield 7 minutes to the distinguished chairman of the subcommittee, the gentleman from Chicago (Mr. KLUCZYNSKI).

Mr. KLUCZYNSKI. Mr. Chairman, I have had the honor of serving in the U.S. House of Representatives since 1950. During that time I have had the privilege of speaking to my colleagues concerning major legislative proposals on numerous occasions. However, rarely have I been as sincerely excited about a bill as I am today about the Federal Mass Transportation Act of 1974.

I have had a long and deep interest in the total transportation needs of our Nation. Much of my congressional efforts have been devoted to developing answers to our transportation problems. I have watched and participated in every highway and mass transportation act since I first arrived in the Congress, and today I am pleased to participate in bringing to the floor of the House of Representatives, a bill which goes a long way toward solving one of the great problems of our day.

A former Under Secretary of Transportation stated the problem and I believe he stated it correctly—

> The harsh consequences which the deficiencies of our urban transportation system have brought down upon us—the daily agony of the commuter; isolation of the poor; jobs, recreation and vital community services which are beyond the practical reach of many; polluted air; and vast hunks of precious land handed over to streets and parking.

H.R. 12859, as reported by the Committee on Public Works, is a comprehensive approach to meeting this problem.

Mr. Chairman, this bill is the culmination of many years of effort. In the Federal Aid Highway Act of 1970, a new Federal-aid highway urban system was authorized. Also included in that act was authority to construct exclusive and preferential bus lanes, bus passenger loading areas and facilities to serve bus and other public mass transportation passengers.

We went still further in the landmark Federal-Aid Highway Act of 1973. For the first time, urban system highway authorizations were made available for both bus and rail public mass transportation capital assistance. Also, all Federal-aid highway system funds were made available for the construction of exclusive bus lanes, preferential traffic control devices, bus shelters, and parking facilities. Up to $200 million of the urban system appropriations could be used for the purchase of buses in fiscal year 1975 and up to $800 million for any transit capital improvement beginning in fiscal year 1976. In addition, substitution of a transit project in an urbanized area for a designated segment of the Interstate Highway System was authorized.

Today, Mr. Chairman, in H.R. 12859, we take the next step—the most important step ever in dealing with traffic congestion and spoiled air. This bill authorizes Federal assistance for public mass transportation across the country in the amount of $20 billion over a period of 6 fiscal years.

The bill provides a procedure which I believe to be fair not only to the major urbanized areas of our country but also to the rural areas of our great Nation. Four categories are established which assure funding to all who can demonstrate a need for assistance—whether such assistance be for capital construction or operating costs.

Other provisions of this bill involve procedures dealing with planning, research, development and demonstrations, training programs, technical studies, reports, and other miscellaneous provisions which my colleagues on the committee will explain in detail.

Mr. Chairman, believe me, I know of the need for this legislation in the large populated areas of our country. I have seen the problem in all our great cities. I have lived with this problem in my own great city of Chicago. Today, we have an opportunity to stop complaining about this situation and start doing something about it. I urge my colleagues in the House to support H.R. 12859, as reported by the Committee on Public Works.

Mr. HARSHA. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New Hampshire (Mr. CLEVELAND).

Mr. CLEVELAND. Mr. Chairman, I am only going to address one aspect of the problem here before us. I would like, for the record, however, to say that I hope the Members of the House will read the minority and supplemental views that are printed in the report on this bill. I certainly hesitate to take an exception to the remarks by the gentleman who

just spoke, the distinguished gentleman from Illinois, my friend, Mr. KLUCZYNSKI. He finds this to be a good bill, and regrettably I found it to be one of the poorest products of the legislative process that I have had an opportunity to observe in my 12 years in Congress, and I have seen some "beauts." I regret to say some of them came from the Committee on Public Works on which I serve and serve with great pride, because it is a good committee with a lot of hard-working members.

But, Mr. Chairman, the problem here is we are shooting blind. I want to say at the outset I have the greatest respect for the staff of the Committee on Public Works, the majority staff and the minority staff. They have treated me uniformly with respect and cooperation. In their fields, I believe many to be as fine staff members as we have anywhere on Capitol Hill, but let me underscore that phrase. That is, within their field. We know what our fields are. Most of the people on the floor of the House at this particular moment are members of the Committee on Public Works.

We have written some fine highway legislation, water resources and pollution legislation, economic development legislation, and I could go on.

We have legislated on behalf of Appalachia. I think we have done a good job as a committee. But if anybody thinks that the Committee on Public Works has either the staff or the expertise to go wading into this mass transit field, they really should look more closely into the record than I think they have. Do not take my word for it, and do not embarrass the staff of the Committee on Public Works by asking them. Let us consider the testimony before the Joint Committee on Congressional Operations. This is a committee composed of five Senators and five Congressmen. I serve on that committee. We have been holding hearings recently on the whole problem that faces Congress of the quantity and quality of information that Congressmen have available to them and the use that congressional committees and individual Congressmen are making of that material.

Of course, the Members know the people we have talked with. We have talked with the Congressional Research Service; we have talked with many of the institutions that are established to inform the Congress, among them the National Academies of Science and of Public Administration and the General Accounting Office. In the course of these hearings, we found out that the Office of Technology Assessment that was recently established by Congress operates to the tune of about $5 million a year. Among their other technological assessments is in this area of mass transit, but they are only midstream in their studies.

I was particularly taken by the testimony of Mr. Richard Royce who identified himself to our committee as a private consultant in environmental and energy problems. He told us he was a former academician and a former Chief Clerk and Staff Director of the Senate Committee on Public Works and is presently a consultant to the House Public Works Committee. I believe his consulting job has been to set up a scientific advisory panel to help advise the Public Works Committee with some of the technical problems confronting us, such as the vast technological problems we face in water pollution, pollution trends, economic development and so on.

I asked him if there was professional expertise in this mass transit field. He replied at some length on this. I will not bore the Members with all his references. First of all, he said he regrets that the studies they have already started would show that fixed rail transit is probably good for only two or three cities in the United States but it is being encouraged by this type of legislation and by the legislation we killed a couple of days ago.

By the way, Mr. Royce said he was delighted that legislation had been killed. In fact, to quote him:

> I think that, although I have been an advocate of mass transit for a long time, I am not at all disappointed that that program failed recently in the House, because I think we need to give some very serious rethinking to the assumptions which are underlying a lot of the applications by the individual cities for mass transit construction grants.

Then he goes on and says, and I am again quoting Mr. Royce in his testimony before the Joint Committee on Congressional Operations:

> I would say there isn't much staff expertise on any of the committees on the House side or the Senate in mass transit, because those committees that have the jurisdiction, banking and currency, are not oriented in transportation, and consequently, our transportation task group is looking at transportation overall, the various modes, and attempting to develop an intermodal policy.

The point I am trying to make is this. I think we are kidding ourselves and we are kidding the American people and we are kidding the other Members of this House if we get up and say this is a good bill and a finished product. I do not think we have the research, the expertise or information aavilable to write a good bill at this time. I do not think our staff has had enough time to acquaint itself with this problem. I just hope in the course of the deliberations on this bill and in the course of the amending process we will reduce the amount of this commitment and take out the operating subsidies, particularly, so that the bill will be more nearly an extension of existing law and will have left to future years—at a time when our committee is honestly prepared to write a proper bill—the ambitious type of program envisioned by this act.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. ANDERSON), a member of the committee.

Mr. ANDERSON of California. Mr. Chairman, I rise in support of H.R. 12859, the Federal Mass Transportation Act of 1974, which is landmark legislation designed to place rapid transit on an equal footing with highways.

Several years ago, most people were content with our transportation system, which consisted almost totally of highways. And, admittedly, our highways are indispensable, especially in my home city of Los Angeles.

At the cost of $76 billion we will have created an Interstate Highway System designed to speed people quickly and conveniently to their destinations at a minimal cost to the driver.

AIR POLLUTION

But, today, times have changed: We have been so successful in making the automobile attractive that today the automobile accounts for up to 90 percent of the air pollution in our urban areas—a fact which has led the Environmental Protection Agency to call for "transportation controls," consisting of gasoline rationing, parking fees, a ban on new parking lots, and other measures designed to either discourage or prohibit driving.

These proposed controls may be necessary, according to the scientific community, in order to reduce air pollution to a level which is, at least, nontoxic.

THE ENERGY SHORTAGE

And no longer is gasoline cheap. With the Middle East literally holding the keys to our cars, we are dependent on the oil exporting countries not only for a supply of fuel, but also the price. And as a result, we are subject to international blackmail.

Since oil prices have risen dramatically and since this money is flowing overseas, it has been a prime cause of our imbalance of trade and of the inflation which has staggered our country.

If we want to curb air pollution; if we want to conserve gasoline; and if we are serious in blunting inflation; if we are serious about stopping the tremendous outflow of U.S. dollars, then we will support this bill which would give cities a chance to develop mass transit systems, as an alternative to the automobile.

Mr. Chairman, the bill before us represents a major commitment on the part of the Federal Government to help cities both purchase buses or construct fixed-guideway systems using the vehicles most appropriate to meet local needs. In addition, this proposal would, for the first time, permit the use of Federal money to help operate those systems.

FUNDING LEVELS

First, this proposal authorizes $20 billion over the next 6 years for transit purposes. Admittedly, this amount of money could throw future budgets out of kilter and result in further inflation—an act we want to avoid. But when you consider the transit needs of this country which total $26.9 billion over only the next 5 years, and when you consider the anti-inflationary impact of rapid transit, funding levels in this bill are not out of line.

Mr. Chairman, a dollar spent on rapid transit, first, stays in this country to buy goods and services; it pays somebody's salary who, in turn, pays taxes; it allows us to reduce our dependence on overseas oil; it helps curb air pollution, and it constructs a system to get people to and from work quickly and economically.

Of this $20 billion authorized, 54 percent, or $10.8 billion, would be allocated to cities in category A. Category A includes nine cities—San Francisco, Chicago, Baltimore, New York, Philadelphia, Pittsburgh, Atlanta, Boston, and Cleveland—and any other of the 31 urbanized areas with a population of 600,000 and above, who meet two criteria, and who desire to be placed in category A.

For an urbanized area of 600,000 or more to qualify to move to category A, the voters or local officials must, first, adopt a regional transit plan involving a fixed-guideway system approved by the Secretary of Transportation, and secondly, arrange a method of financing 25 percent of that project.

Category B, which includes all urbanized areas over 50,000, except for those in A, would receive $2.88 billion, or 14.4 percent. These funds would be allocated to these areas automatically, based on population.

The funds in category C, Mr. Chairman, are to be allocated by the Secretary to those areas in "B" which are in need of larger amounts of money to fund their projects.

Mr. Chairman, this categorical approach was arrived at after a great deal of time and effort, study and consultation with transit operators, local officials, and transit experts.

We had to arrive at a solution to meet the needs of cities, such as New York and Chicago, which presently have established systems and need funds for immediate capital improvements and for operating assistance. And, at the same time, we have to meet the equally critical needs of cities such as Los Angeles, Detroit, Houston, Miami, and Buffalo, which would like to develop transit systems.

Both of these needs are equally important and we cannot give precedence to one over the other.

So the committee decided to set up a categorical approach to distinguish among the different needs.

First, category A is designed to meet the construction and operating needs of those cities which presently have a fixed guideway system or have one under construction.

Now, for an area with a population of at least 600,000—which is presently excluded from "A"—that area may elect to transfer to category A and take with it the money it would receive under "B" and "C" for that fiscal year.

This "trigger" provision adds dynamics to the bill to provide for future projects in the major cities.

Certainly, many of the 31 cities which could be eligible to trigger to "A" will elect not to do so. Many will find that the funds they receive under "B" and "C" are adequate to meet their transit needs. But, at least, these cities have a choice.

They can remain in their present category or they can transfer and compete with the other big cities for category A funds which are allocated at the Secretary's discretion.

For example, let me cite the case of Los Angeles.

EFFECT ON THE LOS ANGELES AREA

Under this proposal an area, such as Los Angeles, could begin to construct a rapid transit system designed to meet their needs.

In the past, the Federal Secretary of Transportation has discouraged the local officials from undertaking the construction of a fixed-guideway system because he felt that there was not enough Federal money available for this project and because he believed that a bus system would adequately serve the people.

First, Mr. Chairman, under this bill there is money available and the Los Angeles urbanized area—which includes part of Orange and San Bernardino Counties—stands to receive up to $2 billion in Federal money over a 6-year period.

And, second, part of that money will flow automatically to the area so that local officials may make decisions based on what they—not the Secretary—feel is in the best interests of the people.

Of course, to qualify for Federal assistance, the State and local officials must make a commitment of funds. And I believe that they will assure the State and local share, which must total at least 25 percent of the costs.

The adoption of a 1-cent sales tax in November, coupled with the use of gasoline tax receipts available under propositions 5 and A—which were adopted in June—and fare receipts would result in a local commitment of $2.1 billion over the next 6 years. Part of this money—$1.48 billion—would be used to operate the transit network, thus leaving $615 million to be used as the local share to attract the Federal funds.

As a result, the Los Angeles area would be eligible to receive $1.845 billion in Federal funds over the next 6 years to begin the construction of an advanced, efficient rapid transit network.

This projection, however, is based on two assumptions: First, we must adopt this measure—the Federal Mass Transportation Act—and see it signed into law, thus assuring the people that we are serious in helping them meet their transit needs; and second, the people of Los Angeles must show that they are willing to shoulder part of the costs by adopting the 1-cent sales tax in November.

I am optimistic, Mr. Chairman, because I believe that we in the Congress realize the importance of rapid transit, and that the people in Los Angeles sincerely want a viable alternative to the automobile to relieve both congestion and pollution, and to curb the flow of money to the oil exporting countries.

I urge you to join with me in supporting this bill and giving the urban areas a chance to develop rapid transit systems to meet their local transportation needs.

Mr. BAFALIS. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentleman from Florida.

Mr. BAFALIS. Mr. Chairman, I oppose enactment of this bill which would provide Federal operating subsidies for mass transit. Operating subsidies in my view are designed to throw money at the symptoms of a problem rather than attack the basic causes of the problem. The fact that the transit industry is now incurring a deficit is an indication of problems, but the deficit, in and of itself, is not the problem.

The problems of mass transit are really the problems of our cities. The deficit and the decline of transit service over the years is attributable in large part to the growth of the suburbs and the increasing dependence of the individual on the automobile as his primary mode of transportation.

The types of actions that are necessary to change this situation and improve transit services are not exceptionally costly. What is needed is for State and community leaders to improve transit while discouraging the use of the automobile through their actions at the State and local level. Steps such as the imposition of local parking taxes, reserving portions of the existing highways exclusively for buses, restricting automobile traffic in certain congested areas of cities, are all actions that fall within the purview of local leaders and are not actions that the Federal Government can effectively accomplish. The Federal role, and one which is effectively being filled, is to provide capital investment funds to expand the capacity of mass transit through a capital grants program.

I strongly object to establishing an operating subsidy program which will not, in my opinion, result in improved transit and may in the long run be counterproductive as it permits State and local officials to look to Washington for solutions that Washington cannot offer.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Chairman, I take this time simply to elaborate briefly on the basic philosophy of the bill, so eloquently stated by the distinguished gentleman from California (Mr. ANDERSON) and to add a few additional facts as to exactly what the bill provides.

I know some Members must be wondering why it has become suddenly so important for the Congress to take an interest in stimulating a renaissance of public transportation. It is a fair question, and it deserves a fair answer.

The answer is divided into several parts. First, there is a simple question of environmental logistics. It has become imperative to the country that we try to devise means of moving this burgeoning population of ours more efficiently and of reducing the suffocating traffic congestion which increasingly chokes the streets of our cities.

In 1956, when we first authorized the interstate highway program, there were some 63 million automotive vehicles in the country. Today there are some 114 million, more than one for every two persons, man, woman and child.

Obviously, some form of attractive public transportation is the only real alternative to the growing overuse of private vehicles.

The second part of the answer relates to the all-important goal of attaining national energy sufficiency. It is underscored by this very simple fact: a full bus, a bus full of passengers, yields approximately 200 passenger miles per gallon; whereas my automobile that I drive alone to work each day yields approximately 16 passenger miles per gallon.

Obviously, therefore, it is in the interest of the entire Nation, not alone in the interest of the people who live in these congested metropolitan areas, that we find a means of conserving our limited energy and petroleum resources by encouraging public transportation and public use of it.

What will this bill do? It will provide some $20 billion over a 6-year period—in other words, just a bit more than $3 billion a year—in matching grants to

cities of this Nation to assist in creating, improving, and maintaining attractive public transportation systems.

Category (a), consisting of nine very large cities confronted with massive immediate needs for intensive capital investments, would receive 54 percent of the total over the 6-year period. Basically, these are the communities with huge local investments in extensive rail systems.

Categories (b) and (c), totaling some 41.4 percent of the authorization contained in the bill over the 6-year period, would be comprised of the 269 other urbanized areas of 50,000 population and above. A portion of that, approximately 14.4 percent of the total amount allocated in the bill, would, through category (b), go to the various States for their allocation to the individual communities on the basis of the population of the urbanized areas in those States, in the ratio which that bears to the total urbanized population of the country.

The bill provides earmarking for each urbanized area of more than 1 million people of its pro rata share under category (b); I happen to feel that there is critical need also among many medium-sized cities and will offer an amendment tomorrow to lower this figure substantially in order that numerous other urbanized areas may be included in the earmarking provision and thus enjoy a basis of knowing how much money they individually can count upon for planning purposes.

The larger portion, category (c), accounting for some 27 percent of the total funds contained in the bill, also would be available to those 269 cities, but committed selectively at the discretion of the Secretary of Transportation.

The theory for making it discretionary to that extent is that the Secretary would be able to see just which systems had developed to the point where they could use additional money effectively. Therefore, he would be authorized to give such systems a second helping.

Then category (d), which will be explained in greater detail by the gentlewoman from New York (Ms. ABZUG), will provide some 4.6 percent of the total funds for a rural bus program for the country.

A question has arisen as to why we in the Federal Government should find it desirable, let alone necessary, to subsidize operating expenses. The total amount of money available for subsidization of operating costs, it should be stressed, would probably be about one-fourth of the total contained in the bill.

There are precise limits to the amount that can be used for this purpose in categories (a) and (b). And category (c) is available only for capital investments. Additionally, since there is a more generous matching formula, 75 Federal to 25 local, on capital investments, as opposed to 50 to 50 on operating subsidy, there would seem to be no particular inducement for any community to overextend in operating subsidization.

We shall explore more fully during tomorrow's debate the philosophy of assisting in operating costs. Perhaps it will suffice at this point to report simply that, to the committee's best knowledge and information, there is not a single public community transit system in America today that is not losing money.

Mr. HARSHA. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. DON H. CLAUSEN).

Mr. DON H. CLAUSEN. Mr. Chairman, today, we on the Public Works Committee are presenting another landmark piece of legislation to the House for consideration and acceptance. The Federal Mass Transportation Act of 1974 is directed toward improving the quality of life for all Americans with major emphasis being placed on cleaning up the transportation problems of the larger cities of America and providing a start toward improved public transportation system developments in the urbanized and rural areas of the country.

This is a genuine commitment on the part of the committee and potentially the Congress toward providing the necessary and dedicated funds for mass transit and permit us to move in the direction of the long overdue coordinated, integrated, and balanced total transportation system many of us have been advocating.

I want to associate myself with the remarks of our distinguished chairman, JOHN BLATNIK, in praising the determined, dedicated, and dynamic leadership of my good friend and neighbor BOB JONES of Alabama and the ranking Republican, BILL HARSHA, of Ohio.

I have personally been involved in hundreds of hours of meetings, discussions, and committee work with these gentlemen. Therefore, I feel qualified to make the statement that their cooperative leadership has provided the opportunity for all members of the Public Works Committee to offer amendments and input to the drafting and writing of the very complex and complicated mass transit bill. Our brilliant staff has worked overtime to pull together the many divergent views in what can best be described as an almost impossible task. The field hearings held in the key areas of the country were of immeasurable benefit to all of us on the Transportation Subcommittee.

Speaking for my fellow Californians, I want to express our deep appreciation to Congressmen JIM WRIGHT of Texas and JIM STANTON of Ohio who took one of their precious weekends away from their families to accompany BIZZ JOHNSON and myself to Sacramento, and the Bay Area for hearings and the evaluation of BART, the Golden Gate Bridge, Highway and Transportation District, and other Bay Area transit systems.

As was anticipated there are some differing opinions on the legislation, and amendments will be offered but there is no division of opinion on the matter of making a positive commitment to mass transit with the 6-year authorization that will permit transportation and traffic engineers, transit and/or people mover manufacturers to have the badly needed finance commitment and also the necessary leadtime for planning and program implementation purposes.

At this point, I would like to make some legislative history relating to project agreements, section 508(b) on page 55 of H.R. 12859, as amended.

Reference is made "to the arrangements or agreements made by the State and appropriate local officials." As a member of the committee involved in lengthy discussion with members and public officials, I want to state very positively what the intent of this section 508 actually is.

The term "appropriate local official" means "those responsible local officials who are elected and directly accountable to the public whom they serve, have jurisdiction over highways and transit, and have the authority and capability to raise necessary local tax revenues. These officials may delegate their authority to act to subordinates or to regional or State associations or agencies."

In addition to the commitment to mass transit for metropolitan and urbanized areas, I am especially pleased to have included in our bill the provision referred to as category "D" of section 501 which sets in motion a public mass transportation service program for the rural areas not within urbanized areas and for communities with less than 50,000 population. During numerous meetings with Chairman BOB JONES, Secretary of Transportation Brinegar and his staff, I strongly urged the inclusion of this provision in the legislative package and I am grateful to the committee for having accepted it.

Also, the section 525 which requires that all mass transit projects shall be planned, designed, constructed, and operated so that all public mass transportation facilities, equipment, and services can effectively be utilized by and accessible to elderly and handicapped persons.

During visits to my congressional district in northern California I held a number of meetings with senior citizens, organizations concerned with the handicapped and retired persons. The rural public mass transportation service and accessibility for the elderly and handicapped were very much on the minds of these people. This is a great and important step forward in meeting this increasing need in our society.

In our committee report, I included some alternative views dealing with the subject of funding mechanisms relating to the operation and maintenance questions. I include them in my statement for my colleagues' information and edification:

While I realize fully the divided opinions, on operating subsidies, in our committee, I believe a more positive and acceptable alternative compromise solution could be attained if the Public Works Committee, and the Ways and Means Committee would jointly address themselves to additional "funding or revenue mechanisms" designed to help States, metropolitan areas, municipalities and rural areas provide the positive methods of finance for operation, administration and maintenance costs.

I refer to the establishment of a possible trust fund for public or mass transportation systems.

This positive "funding mechanism" would be similar to and could be coordinated with the other two transportation trust funds; namely, airport-airways and the highway trust funds which have proven successful in providing America with the finest air and highway transportation systems in the world.

This suggestion has been advocated by many of us on the committee and does in

fact have broad acceptance throughout the country.

It is entirely consistent with our Public Works Committee position advanced and adopted in our Federal-Aid Highway Act of 1973 and could provide the desired legislative continuity for our previous positions.

We asked that the Dept. of Transportation conduct Public Mass Transportation Studies and report back to the Congress.

Secs. 138(a) and 138(b) stated our committee objectives and they read as follows:

PUBLIC MASS TRANSPORTATION STUDIES

SEC. 138. (a) The Secretary shall, in cooperation with the Governor of each State and appropriate local officials, make an evaluation of that portion of the 1972 National Transportation Report, pertaining to public mass transportation. Such evaluation shall include all urban areas. The evaluation shall include but not be limited to the following:

(1) Refining the public mass transportation needs contained in such report.

(2) Developing a program to accomplish the needs of each urban area for public mass transportation.

(3) Analyzing the existing funding capabilities of Federal, State, and local governments for meeting such needs.

(5) Determining the operating and maintenance costs relating to the public mass transportation system.

(6) Determining and comparing fare structures of all public mass transportation systems.

The Secretary shall, not later than July 1, 1974, report to Congress results of this evaluation together with his recommendations for necessary legislation.

(b) The Secretary shall conduct a study of revenue mechanisms, including a tax on fuels used in the provision of urban mass transportation service, and an additional gasoline tax imposed in urban areas, which could be used now or in the future to finance transportation activities receiving financial assistance from the Highway Trust Fund. Such study shall include an analysis of the magnitude of the various potential sources of user tax revenues, the rates at which such taxes could be levied (including possible differential rates), the mechanisms for collection of such taxes, the incidence of such taxes, and the potential impact on transit usage caused by such taxes. The Secretary shall report to the Congress the findings of his study by no later than the 180th day after the date of enactment of this section.

The Department of Transportation completed that study and filed it with the Congress.

This Document "A Study of Urban Mass Transportation Needs and Financing" should now be evaluated by the Public Works and in particular, the Ways and Means Committee of the House.

Working together as they do on Highway legislation, I believe strongly that a more responsive, responsible and guaranteed long-range method of financing could evolve.

The Ways and Means Committee should hold early hearings for purposes of evaluating the DOT study, inventorying the existing funding mechanisms, determine the extent of the need and consider what additional "Revenue Mechanisms" are required to meet the operation and maintenance needs of our Mass Transportation Systems.

Then the Congress could work in concert with local governments to provide this positive alternative to "operating subsidies" from the General Fund and minimize the competition for moneys needed to build the systems and other General Fund programs.

What is needed is an adequate General Fund capital outlay construction commitment to build the mass transit systems plus the Mass Transportation Trust Fund for operation, administration and maintenance of those systems. Additional funds are needed and I believe this is a very fair, equitable and proven method of financing that need and avoiding the "inevitable and continuing political fight" for operating subsidies.

I want to join my colleague from Ohio in expressing my deep concern over the level of funding provided in H.R. 12859. At a time when our country is in deepening financial crisis and when the cost of living is skyrocketing, I think it extremely unwise for us not to exercise the kind of fiscal restraint needed to solve our economic difficulties.

In suggesting this, I am not unmindful of the transportation problems of our cities. Of course we must formulate and approve programs which will provide the means for our urbanized areas to build balanced transportation systems adequate to the needs of our citizens.

But, does this mean that the Federal Government must be prepared to respond to every request by every city for all the funding that it can conceivably use for every project it would like to construct? Obviously, if we are going to promote an orderly and efficient program, it must be one that is calculated to allocate moneys in a prudent, yet responsive manner. If we proceed in this fashion, we will maximize our expenditures and minimize waste and duplication.

I think that is what the American people want in a mass transportation program, or, for that matter, in any Federal program. I am convinced that they are wearied almost to death with the overpromising and underperformance of the Federal Government in program after program. They are losing confidence in their institutions because those of us who have the responsibility for making those institutions work have not been as responsive and responsible as we should have been.

Our Nation's financial resources are limited. As a Nation and as a people, we can't have everything that our eyes light on or that is asserted as a need. For a people who follow such an undisciplined course, there can be only economic disaster ahead. Just last week, the Washington Star reported a Gallup poll which indicated that 48 percent of all Americans blame the Government, rather than business or labor, for inflation.

How right they are!

And, if we continue to fuel the "inflationary fires" through the overfunding of programs such as the one we are considering here today, people's faith in their Representatives and in the institutions we were elected to serve will continue to erode. That is the reason I believe H.R. 12859 should be scaled down so that it comes within the more realistic estimate of needs advocated by my colleague, Congressman HARSHA, and confirmed by the administration. If we do that, I am confident that we will have taken a giant step toward providing a balanced and efficient public mass transportation program for the people of America. And we will have helped bank the inflationary fires in the bargain.

I think that those are the kind of objectives all of us can subscribe to. I hope we can pass an acceptable and meaningful mass transit bill this year. In order to do so, without delay, some amendments directed toward compromise will be offered. I urge my colleagues to accept them and permit us to make this landmark commitment to mass transit within the limits of an acceptable funding level.

Mr. HARSHA. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from North Carolina (Mr. MIZELL), a member of the committee.

Mr. MIZELL. Mr. Chairman, I am concerned and well aware of the existing mass transit situation which presently faces our country. I am also equally aware of the economic situation our country faces, and overspending in this inflationary period will create havoc to our economy.

I urge that the proposed spending of $20 billion be scaled down to a more rational figure of $10 or $11 billion which will adequately serve this program and the national interest at this time.

Mr. Chairman, I am also opposed to operating subsidies.

Mr. Chairman, while I recognize the fact that the transit industry is not making money and do not necessarily believe that it should be a profitmaking operation, I still strongly oppose the operating subsidy provisions of this bill. I believe as do many people, that mass transit should be viewed as a public service and should where possible be required to pay its way out of the fare box. However, what is at issue today is not whether transit should be publicly supported, but rather who should pay.

Currently, mass transit deficits are being financed through a number of mechanisms, but most frequently by State and local governments out of their general tax revenues. This has two beneficial effects: First, it assures that local officials who are closest to the problems in their respective urban areas are responsible for policies affecting fare levels, levels of transit service, and policies affecting the use of the automobile. Such policies would reflect in the broadest sense the aspirations of their communities and recognize the unique features of their communities. Second, the fact that it is the local community that is paying deficits creates incentives for local officials to find ways to improve transit service.

One of my reasons for strongly opposing the provision of Federal operating subsidies is that such a program would undermine local pressures and local responsibility which, in the long run, are the only factors that can really help improve transit service. First, a program of Federal operating subsidies, of necessity, must be uniform in a number of areas in order to be equitable and, thus, does not recognize different needs of different communities. Second, with the Federal Government paying the bills, the incentives at the local level to improve operations are strongly undermined. I believe that Federal subsidies for mass transit are not desirable and should be stricken.

Mr. HARSHA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Chairman, I thought for a moment that no one was going to be given time to ask any questions and obtain answers from proponents of this $20 billion mass transit bill.

I would like to ask some Member who is conversant with the bill how many of

these nine cities have tried to float bond issues or have floated bond issues in the last 2 years to take care of their mass transit needs?

Have any of them made any effort to do that on a basis that would satisfy their needs?

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I will be happy to yield to any member of the committee who can answer some of these questions for me.

Mr. WRIGHT. Mr. Chairman, I am not able to answer categorically how many of these cities have floated bond issues in the past year or so, but I can say to the gentleman that six of the nine have made quite massive investments on their own in an effort to cope with the rising costs of transportation. The city of New York, for example, is subsidizing its operating expenses to the tune of some $600 million. The State has attempted to match that to some degree.

This also is true in California, where the most innovative and newest system, the Bay Area Rapid Transit System, is operating at a deficit, despite forecasts to the contrary. That is true in the city of San Francisco; it is true in the State of California as well.

Mr. GROSS. Mr. Chairman, I will ask the gentleman this:

Did Los Angeles, for instance, try to float a bond issue for purposes of mass transit?

Mr. WRIGHT. Los Angeles, I am advised, has voted a $7 billion bond issue.

Mr. GROSS. A $7 billion bond issue for mass transit?

Mr. WRIGHT. Mr. Chairman, if the gentleman will yield to the gentlewomen from California (Mrs. BURKE) who is from that area, I am sure she could answer that question.

Mr. GROSS. Mr. Chairman, I will be glad to yield to any Member who would be able to provide some information. I yield to the gentlewomen from California.

Mrs. BURKE of California. Mr. Chairman, I thank the gentleman very much for yielding.

In response to the question concerning the situation in Los Angeles, we have voted a State contribution, which would be a one-half percent sales tax. In November we will have on our ballot a proposition to provide the balance of the moneys that will be necessary.

One of the things that becomes very difficult for Los Angeles—and we are not talking about operating subsidies immediately; we are talking about capital—is that it becomes very difficult for us to ask our local people to make a long-term commitment unless we also have some idea of what kind of Federal contribution there may be.

We anticipate that that Federal contribution will not be the amount provided in this bill, but that it will be much less.

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

Mr. HARSHA. Mr. Chairman, will the gentleman withhold his request?

Mr. GROSS. No, I will not withhold my request.

I make the point of order that a quorum is not present.

Mr. HARSHA. Mr. Chairman, if I can find out how much time I have, I will be glad to give the gentleman from Iowa some additional time, but until I know I cannot do that.

Mr. BLATNIK. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SYMINGTON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12859) to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes, had come to no resolution thereon.

A TRIBUTE TO THE LATE LESLIE CARPENTER

(Mr. BURLESON of Texas asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. BURLESON of Texas. Mr. Speaker, the unexpected death of Leslie Carpenter on July 25 was, of course, a shock to all of us who knew him personally.

As many of you will recall, Les Carpenter was a correspondent for a number of newspapers and periodicals and had a long association with the House of Representatives. His wife, Liz, as you also know, was the press secretary to Mrs. Lyndon B. Johnson, and the two families had a long and close association.

At the memorial services at Saint Alban's Church on July 27, eulogies were delivered by three prominent people who were close friends of Les Carpenter and I ask that the tributes by Mr. Jack Valenti, a long-time associate of Lyndon Johnson; Ms. Isabelle Shelton, a well-known journalist here in Washington; and our own colleague, GEORGE MAHON, be inserted in the RECORD:

TRIBUTE TO LES CARPENTER

(By Jack Valenti)

Though Les' career was bound up in newsprint and he bore the proud and durable title of journalist, he carried in his heart the blithe and mocking spirit of show business. One of his chief joys was to be the Washington correspondent for Variety, the bible of show business.

To people like Carol Channing and all the rest who have those aromatic gifts of talent which give so much pleasure to audiences, Les Carpenter was one of their kind.

I can almost hear Les now telling me not to let this drag, to keep the pacing brisk, and when it seems to sag, tell a funny story.

I remember Les relishing a conversation he had with Abel Breen, the late fabled editor of Variety. Abel told Les it was easy to write a show biz story for Variety: "Just get your facts straight, down two martinis fast and you'll be surprised what a great story you'll have". Les reckoned as how Abel was no mean shakes of a philosopher and mentor.

So Les had a foot in each of the worlds of journalism and show business and a heart that spent more time in the one than the other. He knew he was a professional—a man who knew his job and did it with a persistent skill. He understood the gritty underside of politics as well as he knew its glossier summits. And if he climbed the sunnier slopes of show business with great joy it was because to Les there was a happier lilt to make-believe, with its dazzle, its fever, and its zest.

He was a good man, a warm and open man. Mary Margaret and I knew him for so very long and he left too swiftly for us to tell him lately that we loved him. But he knew this and that was his gift to us and to all his friends.

And that is why we shall all bank in our hearts all our unsquandered love for him. But I can hear Les now saying, "Knock it off, don't over-sentimentalize," and for me to remember the adage of show business, "Don't stay on stage too long."

REMARKS OF ISABELLE SHELTON, ST. ALBAN'S CHURCH, JULY 27, 1974

We each have our own special memories of Les Carpenter.

In his chosen field of journalism he was a success story. Coming to Washington right out of the World War II Navy, he very quickly—with his beloved Liz—developed a successful news bureau, which in time was to have clients stretching from Austin to Boston, with steps in between. He also covered showbiz, as Washington Representative for *Variety*. He had his own syndicated column, and he was a member of the Standing Committee of Correspondents at the U.S. Capitol—a mark of respect from his peers.

But that really is not what I will remember about Les Carpenter. I will remember his everblooming green thumb, as he crawled around his beloved garden, exorcizing every predator and coaxing every blossom to excel because he loved it so.

I will remember his patiently instructing neophytes like me—who didn't know a pachysandra from a pachyderm—as he turned his garden into one of the loveliest wedding settings I have ever seen, for his adored Christy and her Harvey. Our labors were fumbling, but he was infinitely patient and good-humored as he showed us how to transplant what seemed like 10,000 pachysandras—or was it pachyderms?

I'll remember his wit and humor—and most of all I'll remember his Rock of Gibraltar support of Liz during her frenetic White House years.

When that period was drawing to a close Liz had an overflow crowd at the National Press Club swinging from the rafters as she told us how it had been. She called it her "Swan Song from a Lame Duck".

In one sally directed to Les, she said: "I can't thank you enough, darling, for all that you've done—like earning the living and raising our children. I can't wait to see them again after five years. Les tells me that one is married and the other is in college."

It got a lot of laughs, but it was almost too true to be funny. Les did keep the home fires burning during those years—coping with balky appliances, often acting as both mother and father to Scott and Christy. Liz was concerned about this. We used to talk about it in quiet moments—like just before a White House wedding or while bouncing down the Rio Grande in a rubber raft.

All of us who knew the driving, demanding Lyndon Johnson knew it couldn't have been any other way—for Liz or anyone else at the White House. Les knew it too. He carried the double burden with unfailing grace and good humor—running his busy bureau on the side—and totally supportive of Liz, always.

It was not an easy role for a man—especially back in those dark, benighted 60's, before Liz Carpenter—and I—and several million other women discovered the women's liberation movement.

Yesterday I was privileged to read the letters that Liz and Les exchanged on their recent 30th wedding anniversary—in which they talk of going down "life's lane" together. Liz tells me that this was a phrase they used between them from the early days

of their engagement. With Liz's permission, I would like to share the letters with you:

Liz to Les:

My darling partner of Life's Lane.

What a lively time I had today reading back—from Mildred Roesey at the announcement party on Dec. 29, 1943—to your "Leave Requested" posted in the back of our wedding album—yellowed by 30 years and five moves from DeLancey, that shaded apartment and first home, to the Dorchester House and our first child, to McLean Gardens and our second, and then to 4701 Woodway where our roots and hearts settled down (oops—I forget the Kenilworth and the hilarious (?) couch we bought for a dollar).

It has been a great and growing 30 years—but they are just beginning. If you think we spent the best years of our lives in the past—watch out for the next thirty. I love you so much.

Les to Liz:

My dearest Liz—

Life has been mostly a joy ride.

The last 30 years would have been unbearable without you. When I think of the many, many experiences we have had—including, most important, having our Scott and Christy, I feel sorry for everybody else.

I love you very, very, very much, and am so proud of your many achievements. I've reached the point where I don't mind being called "Mr. Liz Carpenter".

I thank God for you every night.

EULOGY FOR LESLIE E. CARPENTER, JULY 27, 1974

(By GEORGE MAHON)

As I look out over this audience of wonderful people, I say to myself and I say to you what a great tribute to Les and Liz Carpenter.

On Thursday morning of this week Liz Carpenter sat at home talking with a friend about arrangements for this service. It was a time of shock of course and heavy-heartedness for her. Yet as Liz tried to focus on this sad day, a thought crossed her mind which caused her to laugh for a moment, thus identifying a quality of life which we all have recognized in the Carpenters.

Liz explained her reaction in these words: "I do not suppose it would be appropriate. . . ." "But if Les were arranging this, he would want a little humor in the proceedings." To me, in a way, this represents a wonderful quality which we associate with the Carpenters.

For all of us who have known the Carpenters all these years, both Les and Liz, it would be the treasure of our memories that they each brought to us, a perpetual sense of the joy of life, the joy of living, the joy of being in and part of Washington—and of the great human comedy and sometimes human tragedy of public affairs.

What a wonderful contribution, what a wonderful legacy. Les and Liz are inseparable in our minds as they were and are in their own lives.

Intense young people, caring and committed people, it has always mattered to them how their country was governed—and where it was headed. Yet there was another and higher loyalty—a loyalty to the code and honor of the profession they cherished, the profession of newspapering.

It was in that capacity I first knew Les. For myself and for a great many others of my colleagues Les Carpenter in times past stood as the most important correspondent in the Capitol. He reported for the home town or home state newspapers of many of us: Carl Albert, Bob Poage, Wilbur Mills, Bill Fulbright, Omar Burleson, Albert Thomas, Paul Kilday, and a host of others, including, I should certainly mention, Lyndon Johnson.

Les took great pride and satisfaction in seeing his House Members and Senators advance to positions of leadership—including the highest. He rejoiced in success. He sympathized in reverses. Yet as a newsman he was always loyal to his duty of objectivity and truthfulness. And in that loyalty he made us all better public servants.

His time was too brief, but few in Washington had any more effect and influence or any deeper involvement in the affairs of this great city. He saw greatness. He saw smallness. He never was lacking in the laughter which told us he was enjoying it to the fullest.

If the laughter is gone, the legacy is not. Les—and with him Liz—have always been a part of the best of our lives and they shall always be.

Last month, I sat alone with Les for a time in his backyard garden upon the occasion of their 30th Wedding Anniversary and sing-song.

Les spoke expansively of his success with the flowers and he explained the best technique for growing geraniums.

He won't be tending flowers in his backyard any more because he has departed for another garden but he will be fondly remembered through the years by his multitude of friends here and elsewhere.

May the good and benevolent Lord sustain Liz and all the family at this time of great loss and sorrow—and may God bless us all.

REDUCING FEDERAL PAPERWORK

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

Mr. HORTON. Mr. Speaker, today, along with Chairman HOLIFIELD and Congressman YATRON, I am introducing a bill to deal with excessive—and sometimes suffocating—Federal paperwork.

It has been estimated that the Federal Government, American business, and individuals spend more than $36 billion a year on Federal paperwork. The average small businessman, it is reported, will spend more than 2 weeks of nonproductive time each year just filling out Federal forms. There are now more than 5,000 forms used by the Federal Government to collect information, and this figure does not include the multitude of forms used in our tax and banking programs. The Federal paperwork burden today is overwhelming and our mechanisms to control it are in complete disarray. It is a fact also that the amount of paperwork has been growing by leaps and bounds and the expectation is that it will continue to increase.

Congress has long been interested in the Federal paperwork burden, but because of the complexity of the issues involved and the often secondary attention focused on these issues, nothing conclusive has been done since Congress passed the Federal Reports Act in 1942. I commend to my colleagues the recent work of Senator MCINTYRE's Subcommittee on Government Regulation of the Senate Select Committee on Small Business in a report entitled, "The Federal Paperwork Burden" (S. Rept. 93–125, April 17, 1973). Members may wish also to look at a report by the House Committee on Post Office and Civil Service (H. Rept. 89–52, February 18, 1965) done almost 10 years ago. Interestingly, it contains many of the same findings as the more recent report by Senator MCINTYRE's subcommittee.

Let me outline some of the issues. Our complex Government requires a great deal of information to operate effectively. But at the same time, we must be sure that the Federal paperwork does not smother our society's productive energy. In spite of the immense costs of Federal paperwork, no one really knows the full extent of Federal information requirements. In spite of known duplication of Federal and State tax reporting, we have not made the effort to consolidate tax-information collection. While we recognize the need to hold confidential private information, we have not balanced this objective against other worthy objectives, such as assuring the public's right of access to the Government's information. While we all recognize the need for adequate controls to limit the proliferation of Federal reporting requirements, we have not faced up to the organizational and management issues that would effectively limit these reporting requirements.

My Committee on Government Operations held hearings on related legislation introduced by Congressman YATRON. We were impressed with the scope of the problems and the need for action. With the support of Congressman YATRON and others who are interested in this problem, I have drafted legislation to give us a handle on Federal paperwork. I have talked with the Office of Management and Budget and the General Accounting Office about my proposal and have been told informally that they support it as an appropriate and timely measure. Chairman HOLIFIELD soon will announce hearings on the bill. An identical measure is being introduced in the Senate by Senators BENTSEN, PERCY, and MCINTYRE.

My bill would create a bipartisan commission composed of representatives of the House and Senate, the executive branch, State and local governments, and the private sector. The OMB Director and Comptroller General are named members. This high-level task force would have 2 years to formulate recommended changes in Federal information policies and practices in order to:

First, assure that necessary information is made available to Federal officials and those acting on behalf of Federal officials;

Second, minimize the burden imposed by Federal reporting requirements on private citizens, recipients of Federal assistance, businesses, governmental contractors, and State and local governments;

Third, guarantee appropriate standards of confidentiality for information held by private citizens or the Federal Government, and the release thereof;

Fourth, provide that information held by the Federal Government is processed and disseminated to maximize its usefulness to all Federal agencies and the public;

Fifth, reduce the duplication of information collected by the Federal Government and by State and local governments and other collectors of information; and

Sixth, reduce the costs of Federal paperwork.

Mr. Speaker, we need this proposed Commission on Federal Paperwork to deal comprehensively with the very complex issues that make up the Federal paperwork problem. The seriousness of this problem requires that we act now. I

hope and expect this bill will be passed this Congress.

MOBILE HOME STANDARDS

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

Mr. FREY. Mr. Speaker, approximately 3 years ago I received a call from constituents regarding a problem with their mobile home. I was sure that there was a Federal safety standard to answer the problem and had my legislative assistant check into it. Much to my surprise, I found that there were no minimum national safety standards regarding this important industry. After much research, I introduced the first mobile home safety legislation in the Congress over 2 years ago with 24 cosponsors. The bill did not pass the House in the 92d Congress and I reintroduced it in a modified version in the 93d Congress. I enlisted the aid and support of the junior Senator from Tennessee (Mr. BROCK) in the other body, and mainly due to his efforts the first Frey bill with a few modifications passed the Senate. The Senate House conferees affirmed our desire to have this gap in the law closed by including this measure as part of the House Senate Housing Conference which will be voted on soon. I would like to commend my colleagues on the conference for this action and hope that my colleagues in the House will look favorably upon this measure.

Mobile homes have emerged as an important and unique segment of American housing. With conventional housing costs continuing to skyrocket, we need mobile homes. It was estimated that in 1973 alone there were approximately 600,000 mobile homes produced compared with only 200,000 10 years ago. It is also estimated that approximately 95 percent of all the homes sold today for less than $15,000 are mobile homes. Obviously, we must encourage this industry which fills a need for low cost housing.

However, as in any relatively new and fast-growing industry there are problems. The mobile home industry has done much to police itself and has annually attempted to update its standards. However, these standards are State standards which take time to change and are not uniform. In many areas where adopted, they are not properly enforced. A few States have no standards. Furthermore, there are some problems that are not capable of being solved on a State-by-State basis. The problems of mobile homes from fire, wind and storm are apparent, and need not be recounted. The high cost of insurance for mobile homes speaks more eloquently than statistics which we have found not to be completely reliable.

Mr. Speaker, the passage of this bill brings about a new day for the over 7 million people who live in mobile homes and the legitimate manufacturer of mobile homes. There is no question that as a result of this bill lives will be saved, injuries will be reduced, and costs to the individua' owner will be minimized. This is indeed a milestone in the growth of the mobile home industry, and I am proud of the Congress for meeting the challenge.

CHROME EMBARGO AND WINDFALL SOVIET PROFITS

The SPEAKER. Under a previous order of the House, the gentleman from Indiana (Mr. ZION) is recognized for 5 minutes.

Mr. ZION. Mr. Speaker, if the Congress passes H.R. 8005 which will be under consideration shortly and thereby reimposes an embargo on strategic goods from Rhodesia, we will be legislating higher prices for American consumers and windfall profits to the Soviet Union. This is obvious from either the historical precedent we have from the previous experience with the embargo as well as the simple fact that arbitrarily restricting competition inevitably increases prices. At a time of great inflation for the American consumer, we must ask ourselves whether we act responsibly here in the Congress by taking actions which will raise prices for all stainless steel products. With the increased use of antipollution and numerous other products using stainless steel, any price increase of this commodity will have an escalating impact in the years ahead.

In 1967 the United States initially adhered to the embargo declared by the U.N. on all products from Rhodesia. At the time the embargo went into effect the price of metallurgical grade chrome ore—per short ton—of our imports from the Soviet Union stood at $39.87. With the imposition of the embargo, the Congress gave the Soviet Union a tacit monopoly of the market as only Rhodesia represented significant competition in the production of metallurgical grade chrome ore. When the Byrd amendment went into effect in 1971, the Russians had arbitrarily raised their chrome prices to $68.49, approximately a 60-percent increase. By last year through the competition offered once again by the Rhodesian market, the price had declined to $51.73 per ton.

The rulers in the Kremlin undoubtedly would welcome action by this Congress that would reap them a windfall profit on their sales of chrome. Just this past year they demonstrated their ability to price gouge Western nations through the embargo of oil they encouraged in the Middle East. The New York Times reported on June 5, 1974:

> The Soviet Union reaped nearly a billion dollars more in oil revenue than a year earlier, with only a modest increase in exports.

Overall the report notes that the Soviets increased their revenues by $990 million, even though sales only rose from 107 million metric tons to 118.3 million. Prices remained about the same to their Communist allies, and therefore "the extra profits came entirely from non-Communist customers." Even while making professions of support for an absolute boycott of the Dutch by the Arab oil producers, Soviet trade figures have now revealed that their own oil exports increased by one-third to Holland. The Soviet motivation for this becomes obvious when one finds that they simultaneously raised oil prices for the hard-pressed Dutch by almost 350 percent. Other Western European nations suffered similar increases of about 300 percent.

Therefore as we debate the question of whether to repeal the Byrd amendment allowing competition in chrome prices, we must ask whether we want to raise American consumer prices so that the Soviet Union can reap a windfall profit on a chrome monopoly. Most Americans, including many Members of the House, became quite disturbed over the oil embargo last fall and the price rises and inconvenience which this action by the Arab states precipitated. Yet now we are being asked to create an embargo ourselves which will only raise our own prices and provide direct economic aid to the Soviet Union.

Since many other nations, including some black-ruled countries in Africa itself, have broken the embargo against Rhodesia long before the United States exempted several strategic products, there is no reason why we should once again adhere to a policy that has long since proved itself ineffective. We only damage our own economy and aid the Soviet Union by reimposing an embargo on Rhodesia.

DAY OF SHAME

The SPEAKER. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker while we are deeply concerned these days with our own freedoms to govern ourselves, let us not forget that on August 21 falls the sixth anniversary of the Soviet day of shame—a day on which a small, peace-loving Czechoslovakia was deprived of its freedoms by ruthless invaders.

Czechs and Slovaks do not need foreign advice as to how to run their affairs. Their tradition of self-government goes back to the princedom of Great Moravia which was the strongest independent and most highly developed state in Central Europe during the ninth century. Today, the Soviet occupation not only violates the sovereignty of Czechoslovakia but affects the entire European balance of power. The invasion itself was an illegal act of unprovoked aggression and the continuing occupation is an inexcusable violation of international law.

On August 14, 1970, this body passed a Concurrent Resolution No. 817 protesting the occupation of Czechoslovakia. In the following years numerous members of Congress, on both sides of the Hill, issued strong individual protests. It is now established beyond any doubt that the Soviet and Warsaw pact armies were not called by any responsible Czech or Slovak officials. The crushing of the Dubcek government was nothing but an unprovoked act of aggression which must not be forgotten. The illegal occupation of the Czech and Slovak homeland must be ended.

RESOLUTION URGING U.S. CUTOFF IN AID TO TURKS

The SPEAKER. Under a previous order of the House, the gentleman from

Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, yesterday's attack by Turkish jets on Nicosia, the capital of Cyprus, and on United Nations peacekeeping forces and the continued build-up of Turkish troops on the island point up the grave situation in this crucial part of the world.

The time is long overdue for the U.S. Government to exercise stiff pressure on the Government of Turkey to cease its aggression in Cyprus.

The most effective way to do so is to cut off any further U.S. military or economic assistance or military sales to Turkey.

It is outrageous that American taxpayers should be supplying arms to Turkey that are used in attacks upon a friendly country in violation of NATO commitments.

Accordingly, I have introduced on behalf of myself and the gentleman from Maine (Mr. KYROS), the gentleman from Pennsylvania (Mr. YATRON), the gentleman from Maryland (Mr. SARBANES), and the gentleman from Florida (Mr. BAFALIS), House Resolution 1319 calling for a halt to all U.S. economic, military assistance, and military sales to Turkey until all Turkish Armed Forces have been withdrawn from Cyprus.

Mr. Speaker, I am glad to say that 40 other Members of the House have already joined us in cosponsoring this resolution, and I here list the cosponsors so far of House Resolution 1319:

LIST OF COSPONSORS OF HOUSE RESOLUTION 1319

Mr. Hanrahan, Mr. Annunzio, Mr. Dent, Mr. Taylor, Mr. Price of Illinois, Mr. Johnson, Mr. Stanton of Ohio, Mr. Shuster, Mr. Minish, Mr. Adams, Mr. O'Brien, Mr. Cronin, Mr. Hudnut, Mr. Parris, Mr. Sarasin, Mr. Fascell, Mr. Rosenthal, Mr. Froehlich, Mr. Clausen, Mr. Biaggi, Mr. Abdnor, Mr. Rooney of Pennsylvania, Mr. Eilberg, Mr. Ketchum, Mr. Boland, Mr. Badillo, Mr. Rousselot, Mr. Gilman, Mr. Burke, Mr. Conte, Mr. Tiernan, Mr. Walsh, Mr. Seiberling, Mr. Gude, Mr. Young, Mr. Steelman, Mr. Thompson, Mr. King, Mr. Vanik, and Mr. Maraziti.

On noon, August 19, another resolution identical to House Resolution 1319 will be introduced. Those Members of the House who wish to cosponsor the resolution can call Olga Grkavac at extension 56116 by noon of that day.

Mr. Speaker, at this point of the RECORD I insert the text of House Resolution 1319:

Resolved, That it is the sense of the House of Representatives that—

(1) all military, economic, or other assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), all sales of agricultural commodities (whether for cash, credit, or by other means), and all licenses with respect to the transportation of arms, ammunitions, and implements of war (including technical data relating thereto) to the Government of Turkey should be suspended on the date of adoption of this resolution; and

(2) the provision of this resolution should cease to apply when the President reports to the Congress that the Government of Turkey has withdrawn all of its armed forces from Cyprus.

DEA AND ITS NEW YORK HEROIN SEIZURE

The SPEAKER. Under a previous order of the House, the gentleman from Illinois (Mr. MURPHY) is recognized for 5 minutes.

Mr. MURPHY of Illinois. Mr. Speaker, I recently interviewed two narcotics agents about the frustrations and rewards of the job and wrote an article for the Chicago Tribune about my findings. In the article, I remarked about the resilience of agents whose job is a battle of wits with the worst elements of our society. The agents may despair on occasion but the experienced agent knows there will be another day and another chance to stop the pushers and dealers.

Agents do not think they are fighting a losing battle. They calmly state:

Agents have two things going for them, the pusher's greed and the fact that agents can make ten mistakes but the criminal can make only one.

Some of those criminals made that fatal mistake yesterday in New York City. I learned early this afternoon that a shipment of 75 kilos of 95 percent pure European heroin was confiscated from a shipment of Louis XIII furniture arriving from LeHavre, France. The heroin was hidden in hollowed-out furniture panels.

The furniture passed through Customs in June and has been under surveillance of the Federal Drug Enforcement Administration—DEA—since that time. In announcing the arrest of five French citizens and one Argentinian, DEA Administrator John Bartels credited the French National Police, the U.S. attorney's office for the eastern district of New York, and DEA agents with the recovery of the heroin. The bail for three of the men arrested was set at a record $2½ million each. Bartels estimated that the street value of the heroin exceeded $13 million.

Although Bartels had nothing but praise for the narcotics team involved in the seizure, he did express apprehension about future narcotics enforcement efforts now that the Turkish ban on poppy production has been lifted. He described this latest New York interruption of the "French Connection" as only a taste of what can be expected once Turkish poppy production resumes.

This entire episode gives us Members of Congress a great deal to think about. It serves to highlight the desperate need for high-level negotiations with the Turks to prevent another crisis of heroin addiction. As I noted in a July 16 statement before the House Foreign Affairs Committee, this involvement of the highest offices in this land must come now. Weeks and months from now may be too late.

RESTORING CONGRESSIONAL CONTROL OVER LOANS EXTENDED BY EXPORT-IMPORT BANK TO COMMUNIST COUNTRIES

(Mr. ICHORD asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ICHORD. Mr. Speaker, the bill to extend the authority of the Export-Import Bank (H.R. 15977) will shortly come to the floor of the House for consideration. In view of the events that have taken place in recent months concerning the activities of the Eximbank there is strong sentiment among Members of the Congress to assert some type of congressional control over the Bank. Therefore, I intend to offer an amendment to the bill which restores congressional control over loans extended by the Export-Import Bank to Communist countries. At this time I would like to include a copy of my proposed amendment along with my letter to the Members of the House on August 8, 1974, for easy reference to those who are interested in this subject:

HOUSE OF REPRESENTATIVES,
Washington, D.C., August 8, 1974.

Re: Restoring congressional control over loans extended by the Export-Import Bank to Communist countries.

DEAR COLLEAGUE: One of the major cries raised throughout the country is that the Congress of the United States has surrendered its responsibilities to the Executive Branch. There is some truth in this charge. It is time for the Congress to reassert its constitutional role of overseeing the programs we authorize and fund with the taxpayer's money. The bureaucracy has fallen into the comfortable position of paying little or no attention to the will and wishes of Congress except when they come to us for a new program, the extension of an old program or the appropriation of more money. The House has taken a major step toward reasserting its congressional responsibilities by reserving to either House of Congress the right to disapprove Presidential determinations in connection with the administration of the Trade Reform Act of 1973.

The Export-Import Bank has made it absolutely clear that it will pay no attention to the will of Congress unless we tie them down by law. They have approved loans of $350 million to the Soviet Union since the Mills-Vanik amendment was passed by the House by a vote of 318–80. A sense of the House resolution with 226 co-sponsors instructing them to hold up any further loans to the Soviet Union pending Senate action on H.R. 10710 was ignored.

The enclosed amendment which I intend to offer to Section 3(b) of the Export-Import Bank bill (H.R. 15977) will simply reserve the right to either House of the Congress to disapprove any proposed loan to a Communist country. The right of the President to make the "national interest" determination is preserved as in present law. The Bank would simply be required to report each proposed loan to Congress and if in 30 legislative days neither House of Congress has taken action to disapprove, then the Bank may consummate the transaction which it has proposed. The procedure for congressional disapproval would be that contained in the Executive Reorganization Act, sections 908 through 913 of title 5, United States Code. This procedure provides that once any committee has failed to act on a resolution of disapproval in 20 calendar days, any Member of Congress can call it up for a vote.

I would appreciate your consideration of this matter and your support.

RICHARD H. ICHORD.

AMENDMENT PROPOSED BY MR. ICHORD

Subsection (b) of section 3 of the bill H.R. 15977 (as introduced) is amended by striking lines 6 through 24, on page 3, and inserting in lieu thereof:

"(6) The Bank shall not guarantee, insure, or extend credit, or participate in any extension of credit in connection with the purchase or lease of any product by a Communist country, or any national or agency thereof,

or by a foreign country or any agency or national thereof if such product is, to the knowledge of the Bank, principally for use in, or sale or lease to such Communist country, unless and until the Bank has submitted to each House of Congress a statement in explanation of each such transaction and such transaction is not disapproved by a resolution of disapproval adopted by either House of Congress within thirty legislative days after the date on which the Bank has submitted such statement. Such statement shall contain the following:

"(A) A brief description of the purposes of the transaction, the identity of the party or parties requesting Bank financing, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) A full explanation of the necessity for Bank financing of the transaction, the amount of the financing to be provided by the Bank, the approximate rate at which such financing will be made available, and the period over which such financing will be repaid.

The procedure on introduction, reference, and disposition of any resolution of disapproval by either House of Congress shall, as adapted to the purposes hereof, be as provided in sections 908 through 913 of title 5, United States Code."

MEMORIAL SERVICE FOR SENATOR WAYNE MORSE

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, on July 30 in the Washington Cathedral a memorial service was held for the late Senator Wayne Lyman Morse of Oregon, 1900–74. Canon Cave of the National Cathedral officiated. Eulogies were delivered by Senator HATFIELD of Oregon, by me, Bishop Smallwood Williams, George Meany, Joseph L. Rauh, Jr., Senator J. WILLIAM FULBRIGHT, and the Honorable Arthur J. Goldberg, in that ordre. There were prayers and music befitting the occasion. In further honor of this distinguished Senator, this dedicated American, this magnificent advocate, this noble man, and this friend, whom so many of us mourn, I insert a transcript of the memorial service for Senator Morse on this occasion in the body of the RECORD following my remarks:

MEMORIAL SERVICE FOR SENATOR WAYNE LYMAN MORSE OF OREGON, 1900–74

(Tuesday, July 30, Washington Cathedral)

ORGAN PRELUDE

Music of Johann Sebastian Bach.

Sonatina from the Cantata "God's Time if Best."

Sinfonia from the Cantata "I Stand with one foot in the Grave."

Choral Preludes: "When we are in greatest need, deck thyself, O my Soul."

PROCESSION OF THE PARTICIPANTS
CANON JEFFREY CAVE

(In silence.)

OPENING SENTENCES AND PRAYER

(All standing.)

Canon CAVE.

Lord, make us instruments of your peace;
Where there is hatred, let us sow love;
Where there is injury, pardon;
Where there is discord, union;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
Where there is sadness, joy;
Grant that we may not so much seek to be consoled, as to console;
To be understood, as to understand;
To be loved, as to love;
For it is in giving that we receive,
It is in pardoning, that we are pardoned,
And it is in dying that we are born to eternal life.

Oh, God of righteousness, we thank you for the faith we inherit. It gives us the vision of a world where children of God are not ground down in oppression, but lifted up in freedom.

We thank you for the gift of your love. It demands that the human person must not be bound in misery, but liberated in joy.

We thank you for the abundance of the earth. It makes possible a society of persons not equal in poverty, but diverse in wealth.

We thank you for the pricking of conscience. It makes us lay the foundations for such world, not tomorrow, but today.

And, we thank you for Wayne Morse, a faithful and good man. Amen.

Senator HATFIELD. Let us remain standing and join together in responsive reading taken from Psalm 119:

R. Thy word is a lantern unto my feet, and a light unto my paths.

C. I have sworn, and am steadfastly purposed, to keep thy righteous judgments.

R. I am troubled above measure: quicken me, O Lord, according to Thy word.

C. Let the free-will offerings of my mouth please Thee, O Lord; and teach me Thy judgments.

R. My soul is always in my hand; yet do I not forget Thy law.

C. The ungodly have laid a snare for me; but yet I swerved not from Thy commandments.

R. Thy testimonies have I claimed as mine heritage forever; and why? they are the very joy of my heart.

C. I have applied my heart to fulfill Thy statutes always. Even until the end.

ADDRESS, THE HONORABLE MARK HATFIELD

Mr. HATFIELD. Undaunted.
Steadfast.
Unyielding.
Indefatigable.

All these come to mind with the memory of Wayne Morse.

At times like this, we remember what is most lasting about the imprint of a life; we remember what will endure beyond those 73 years given by God to Wayne Morse; we remember what is transcendent of mere politics, and reaches forward to our common destiny and future.

Wayne Morse was a man of the earth.

With his ranch and cattle, he always maintained his roots with the soil.

He treasured Oregon's forests and ranges, battling to preserve their bounty and beauty.

At the bedrock of his career was his commitment to Oregon's land and people.

Wayne Morse cherished his convictions.

He clung to them, fought for them, and yielded to them.

Certainly he fought as hard or harder as any in political combat, for he was a relentless pursuer of his causes. But there was a difference. It was not just his political survival which thrust him into his battles. Rather, in a larger way, it was the unquenchable strength of what he believed.

Wayne Morse never thought the point of politics, or for life, was "to get along, you go along." He was freer than most from that perpetual concern with popularity. It was more important for Wayne Morse to stand for his convictions, and to struggle for truth.

Wayne Morse loved the law.

He always remained a tutor of the Constitution to all who would listen.

And it was that love which produced such bristling indignation whenever he felt others were jeopardizing the sanctity of constitutional law. Would that such a jealous love were shared by all given the responsibility of political power.

All these qualities equipped Wayne Morse for the most valued contribution he made to our country: his unceasing drive to bring the nation from war to peace.

That is how Americans will remember him best. For he warned America; he pleaded with her; he tried to alarm her; he wanted to tell America how she was endangering her deepest ideals, and spilling innocent blood.

You could say that he spoke then like a prophet, heralding the truth to ears that rarely were open.

Inexorably, the truth he proclaimed was embraced by more and more others, as the nation began to listen. His zeal was infectuous, both nurtured and shared by Mrs. Morse and family.

He refused to even let age defeat him. Wayne Morse would no more yield to it than to any other foe. So he died fully alive, still in political combat, with his incisive mind and penetratng voice advocating his cause, still preaching constitutional sermons about the law he knew and loved so fervently, and still telling us what he felt in his mind and heart.

It is Tennyson's words which to me would capture the life of Wayne Lyman Morse: "To strive, to seek, to find, and not to yield."

HYMN 471 "ROCK OF AGES"

All sing:

Rock of Ages, cleft for me
Let me hide myself in Thee
Let the water and the blood
From Thy side, a healing flood
Be of sin the double cure
Cleanse me from its guilt and power.

Should my tears forever flow,
Should my zeal no languor know,
All for sin could not atone:
Thou must save, and Thou alone;
In my hand no price I bring
Simply to Thy cross I cling.

While I draw this fleeting breath
When mine eyelids close in death
When I rise to worlds unknown
And behold Thee on Thy throne
Rock of Ages, cleft for me,
Let me hide myself in Thee. Amen

Mr. PEPPER. Canon Cave, members of the family of Senator Morse, and friends: A reading from the 39th Chapter of the Book of Ecclesiasticus:

"He who devotes himself to the study of the law of the Most High will seek out the wisdom of all the ancients, and will be concerned with prophecies; he will preserve the discourse of notable men and penetrate the subtleties of parables; he will seek out the hidden meanings of Proverbs and be at home with the obscurities of parables.

He will serve among great men and appear before rulers; he will travel through the lands of foreign nations, for he tests the good and evil among men.

He will set his heart to rise early to seek the Lord who made him, and will make supplication before the Most High; he will open his mouth in prayer and make supplication for his sins.

If the great Lord is willing, he will be filled with the spirit of understanding; he will pour forth words of wisdom and give thanks to the Lord in prayer.

He will direct his counsel and his knowledge aright, and meditate on his secrets.

He will reveal instruction in his teaching, and will glory in the law of the Lord's covenant.

Many will praise his understanding, and it will never be blotted out; his memory will not disappear, and his name will live through all generations.

Nations will declare his wisdom, and the congregation will proclaim his praise.

If he lives long, he will leave a name

greater than a thousand. It he goes to rest, it is enough for him.

ADDRESS, THE HONORABLE CLAUDE DENSON PEPPER

Mr. PEPPER. On the first day of this month, many of us who have gathered here today in this noble edifice, assembled to pay our honor and respect to the late Senator Ernest Gruening.

Among those who came all the way across the continent from his home state of Oregon to join in that appreciation was him whose name we honor today—Senator Wayne Morse.

I shall never forget how we stood and talked together in the robing room, of his great past, of our service together in the Senate, of his hopes for the future, should he be endowed with the opportunity to resume that great career previously cut short.

And, now, too soon it is his name, and his memory which we honor today.

Senator Wayne Morse was a rare man! Rare in so many respects: Rare in keen intelligence, rare in the dynamism of his spirit, rare in his peculiar capacity to be dedicated to a purpose, rare in his courage, rare in his persistence in pursuit of a dream that he entertained.

Wayne Morse, as a Senator, ranged all over the realm of public issues like a knight of the round table jousting with every defender of wrong he could reach, raising his fearful lance in support of every worthy cause that came within the scope of his restless energy.

And, what a record he made! In two respects, I should like to mention that record: One having to do with his participation in the formulation and in the development of the policy of our country in respect to Latin America:

In nineteen hundred and fifty-five, he became Chairman of the Subcommittee on Latin American Affairs of the Senate Foreign Relations Committee.

In 1958, he began a study of the relations of our country wtih our neighbors to the South, and out of that study came the principles of what was later the noble declaration of the Alliance for Progress. A great member of that subcommittee was Senator John F. Kennedy.

When Castro was coming to power in Cuba, it was the voice of Wayne Morse, raised in warning against our country embracing one of his character and the disposition that he was beginning to display. Thereafter, visiting with the President, with the Secretary of State—representing the President, he had a large part in the relations between our country and Latin America, always striving to make the hemisphere stronger, and to make closer the attachments of friendship between our country and theirs.

And, then in the field of education, Wayne Morse had signal distinction. During the time he was Chairman of the Education Subcommittee of the Senate Education and Labor Committee, more legislation affecting education in this country, giving federal assistance to the program of education in our nation was enacted, than ever before in the nation's history, and Wayne Morse was the one who led the passage of that legislation in the United States Senate.

His colleagues have borne eloquent testimony to the contribution that he made in this field. I quote from the remarks of Senator Abe Ribicoff, former Secretary of Health, Education and Welfare in the administration of President Kennedy:

"When the name 'Morse' appears on an educational bill, the present generation of children and children yet unborn will be assured that the bill stands for one man who in my opinion more than any other single individual in the whole history of our nation has helped further the cause of education in the United States."

And Senator Javits:

"The work of the Senior Senator from Oregon in bringing this bill to the floor with the unanimous support of the Committee on Labor and Public Welfare is of such an extraordinary quality that I feel that that alone, whatever else ensues, deserves the highest encomium of which I am capable, but also the entire world of education."

And majority leader, Senator Mansfield, said:

"The title, 'Mr. Education', is a title well-earned by Senator Morse. I thank him from the bottom of my heart, and I congratulate him for his tremendous understanding, knowledge and ability on all matters, but especially on questions involving education."

Every aspect of education:

Elementary and secondary,

Higher education,

Assistance to students needing financial aid in obtaining an education, all this great panorama of education passed under the careful guidance and great leadership of Wayne Morse.

Perhaps, one of the qualities of Wayne Morse that all will remember best is his steadfastness of purpose. Indeed, once he committed himself to a course, he was unshakeable in that position.

It might be said, as was said in an ode from Horace, "were the vault of Heaven to break and fall upon him, its ruins might smite him, undismayed."

He was actuated by the motivation of concern for people, and pursuit of what he thought was his just duty.

And he was moved by what might be the words of Babcock, who said,

"We have hard work to do, loads to lift; Shun not the struggle; Face it. It is God's gift."

We may truly say, as was said by Shakespeare:

"He has borne himself beyond the measure of his own times, doing in the figure of a lamb the feats of a lion."

And we can say,

May God long preserve the memory and the spirit of Wayne Morse; for, as his friend said to Hamlet,

We know "we shall not see his like again."

A REMINISCENCE: BISHOP SMALLWOOD WILLIAMS

Bishop WILLIAMS. Canon Cave, distinguished guests, ladies and gentlemen, and members of the family:

In my considered judgment, the late Senator Wayne Morse was one of the greatest Senators to have sat in the United States Senate.

He was not only interested in the citizens of the State of Oregon, which sent him to the U.S. Senate for twenty-four years, but his profound humanitarianism gave him a great consideration for the poor, the disenfranchised, the disinherited, and the underprivileged everywhere.

The hungry children of our nation's capitol loved him for his great concern which led him through legislative action to secure a lunch and milk program for public school children, liberal welfare, public assistance, and family aid legislation.

He was an intrepid determined fighter for civil rights, civil liberties, and integration for all citizens of the United States of America.

He was a fierce fighter against all forms of discrimination and second class citizenship in our nation. His powerful voice, and wise counsel, and impressive presence, and liberalism in the Fifties helped to make possible the civil rights legislation for the Sixties.

Senator Morse was a very friendly person. He would invite me to have breakfast with him, in the U.S. Senate dining room, back in the Fifties, before the days of integration. The Senate dining room at that time was a lily-white situation. The usual only visible blacks were waiters and servants.

The presence of a black guest would always attract undue attention. The Senator, while conversing and eating unhurriedly, would look up and notice some of his distinguished colleagues from various parts of the country who did not share his views on racial integration.

He would politely rise, as the Southern Senator from Louisiana passed, and he would warmly address his colleague and say:

"Senator, I want you to meet my good friend, Bishop Smallwood Williams."

The Senator would blush red, and shake my hand, acknowledge the introduction, and later the Senator from Georgia would pass. He would repeat the introduction with similar results; so, finally, one of the Southern Senators gave Senator Morse what I considered at that time a left-handed compliment. The Senator with the different racial philosophy from Senator Morse said:

"I differ with his racial views. However, one thing I would say about Wayne Morse—he practices what he preaches."

And may I profoundly add, not only did he practice what he preached, but we honor him today because he preached what he practiced.

For his strenuous effort and others like him; America is the bastion of the free world, and it is a better place to live; a more pragmatic example of human freedom and dignity, which our Declaration of Independence and Constitution proclaims.

Senator Wayne Morse leaves this nation a great legacy of liberalism and determinism, which his contemporaries cannot ignore, and history should not omit.

In spite of the political turbulence of our times, this nation is better because a man named Wayne Morse lived and worked here tirelessly, throughout his life, for the causes in which he believed.

May God ever bless his memory, family, and friends. Amen.

ADDRESS, GEORGE MEANY

Mr. MEANY. I came to know Wayne Morse early in his years of public service on the War Labor Board, during World War Two.

That Board was a solid example of the ability of free men to govern themselves, uncoerced, in the service of their country in the time of searching trial.

As a public member, the character, wisdom and diligence of Wayne Morse helped to make it possible for labor and management to measure up to that test. Yet, he never demanded or expected that either would yield, for a moment, their duty to advance most vigorously the rights and interests of those they were there to represent.

Our respect for Wayne Morse grew with familiarity over the years, as he involved himself deeply in the processes of collective bargaining, as one of the nation's leading arbitrators and mediators of labor-management disputes. His fairness, integrity and dedication to free and voluntary paths to industrial peace were above question by either side of the many controversies he helped to resolve.

His contribution to human rights in industrial life, as well as political life, will endure far beyond his time.

That respect and regard continued to grow in the course of his political career, and it survived frequent differences on issues and approaches to issues. A powerful advocate and a formidable adversary, he was one whom we always wanted to have on our side. His force always exceeded his solitary vote in the Senate, for he was willing to step forward from the pack, to lead and to fight, and he fought from conviction, not from any awe of persons or institutions.

He was a friend of labor, not because he was beholden to labor, but because his largeness of heart and mind made him a champion of the plain people, the advocate of the little man surrounded by forces and aspirations beyond his reach.

He played the game on the top of the table, without guile or petty artifice. But, he brought to that great game of politics and legislation, a spirit of steel and a will of

iron. He knew full well that when the battle of the common man is to be fought, any weakness of will or slackness of mind must succumb before the interest and odds against it.

He gave as much of himself to the people of the District of Columbia, who lacked the political voice or power to reward him in any way for his fidelity, as he gave the nation, when larger issues called him forth.

Wayne Morse perceived and understood the vital link between education and human progress. That great series of acts of Congress, which vastly enlarged the federal role in support of the expansion of educational opportunity during the years of Lyndon Johnson's Presidency bear the strong marks of his concern.

How often since he left the Senate, and issues and causes languished for lack of a courageous and stalwart champion, have we said among ourselves, "If we only had a Wayne Morse to lead this fight for us on the Hill?" But the only Wayne Morse was Wayne Morse himself.

We had hoped that in the fall we would be able to help return Wayne Morse in full voice to the Senate where he belonged, and where he is needed; but it was not to be. Now, we shall not see his like again. The Senate, the nation and the people have lost a great champion of justice, and we are all the poorer for that irreplaceable loss.

ADDRESS, JOSEPH L. RAUH, JR.

Mr. RAUH. Canon Cave, friends, family of Wayne Morse:

I think I speak this morning not for myself, but for all those in the civil rights movement who worked with Wayne Morse: For those of us who had the privilege of working closely with him; for Clarence Mitchell, Roy Wilkens; but, really, above all, for the millions of people whose rights exist today because of Wayne Morse, and who probably do not even know his name:

Justice Brandeis once wrote, "If we would guide by the light of reason, we must let our minds be bold."

More than any other public leader of our lifetime, Wayne Morse lived by this Brandeis injunction. There is no time within memory when he failed to let his mind be bold. Over and over again in the thirty years of our friendship and collaboration, it was Wayne Morse who raised the banners toward new goals of equality and civil freedom.

Once the goals were set, no force on earth could move him from his appointed course.

It was Wayne Morse in the late Forties and Fifties, who outlined the constitutional bases, for the broad civil rights laws of the Sixties. Only too often in that period he knocked unsuccessfully at the Senate clubhouse door with its ever-present sign, "No Civil Rights legislation wanted."

It was Wayne Morse who helped keep the civil rights goals alive in Nineteen Fifty-Seven, by voting against the watered down civil rights bill of that year, and eloquently reaffirming the true needs of minority Americans. And, I suppose I may say, like so many others would say, I was one of those who advised him to vote for the bill.

It was Wayne Morse who helped stop the 1958 Congressional onslaught on the civil liberties decisions of the Warren Supreme Court.

Indeed, my favorite mind's-eye picture of Wayne is at four a.m. on an August Sunday morning in 1958, with books piled high on his desk, and a "they shall not pass" look on his face. The drive for the last of the anti-court bills lapsed in the face of that threatened end of the session filibuster.

It was Wayne Morse who kept the goal of true Home Rule for the District of Columbia alive in the Fifties and Sixties, while others berated him for not accepting unworkable substitutes. Every Washingtonian should thank God for Wayne Morse, as they cast their first Home Rule vote this fall.

Often, Wayne Morse stood alone. Where others sought refuge in the crowd, he had the courage to take the stand, undaunted by the absence of colleagues or other supporters. For those who knew him, Tonkin Gulf was not a surprise, but an inevitability.

As so many have said this morning before me, we shall not see the likes of this fierce warrior for justice soon again. Almost alone among public figures, his courage never once left him faltering or hesitant. Wrong he may, on occasion, no doubt, have been, but lacking in boldness he never was.

At a time when too many would hide in the changeless center, Wayne Morse is our reminder, forever, that one man with unlimited courage can move mountains of apathy and despair.

We shall miss him more and more.

HYMN 519, "EBENEZER"

All sing:

Once to ev'ry man and nation
Comes the moment to decide,
In the strife of truth with falsehood,
For the good or evil side;
Some great cause, God's new Messiah,
Off'ring each the bloom or blight,
And the choice goes by forever
Twixt that darkness and that light.

Then to side with truth is noble,
When we share her wretched crust,
Ere her cause bring fame and profit
And 'tis prosp'rous to be just;
Then it is the brave man chooses,
While the coward stands aside,
Till the multitude make virtue
Of the faith they had denied.

By the light of burning martyrs
Jesus' bleeding feet I track,
Toiling up new Calveries ever
With the cross that turns not back;
New occasions teach new duties,
Time makes ancient good uncouth;
They must upward still and onward
Who would keep abreast of truth.

Though the cause of evil prosper
Yet 'tis truth alone is strong;
Though her portion be the scaffold,
And upon the throne be wrong.
Yet that scaffold sways the future,
And, behind the dim unknown,
Standeth God within the shadow
Keeping watch above his own.

ADDRESS, THE HONORABLE JAMES WILLIAM FULBRIGHT

Mr. FULBRIGHT. Canon Cave and friends: To Wayne Morse our country is deeply indebted.

The cirmustances presently confronting our nation serve to emphasize the importance to the preservation of our democratic system of government of men with the personal integrity, the dedication and the courage of Wayne Morse.

Although he enjoyed personal friendships as others do, he always gave one the impression that the welfare of all the people he represented so ably was his primary concern and he was relentless in his pursuit of that objective.

He was willing, as few men are, to be aggressive and abrasive to his colleagues, or to Presidents, when he believed the peoples' interest required it. Few men have equalled his devotion to the Senate and to the country!

Some Senators distinguished themselves as great advocates; others, as far-sighted critics of national policy. Wayne Morse was both: A remarkably knowledgeable and skillful legislative manager, especially in the fields of labor and education, and an equally distinguished critic of mistaken policies, especially in our foreign relations.

As a legislator, he was brilliant and indefatigable. As one who usually agreed with Wayne Morse in debate, but occasionally did not, I can state, unequivocally, that I greatly preferred having him on my side. He was in the classic sense of the term a great debator, a gifted practioner of an art form now in decline. While Senators increasingly have taken to the media, and to the techniques of public relations, Wayne Morse retained an old-fashioned faith in government by discussion, and the place for that discussion, in his view, was the Senate floor. It was preeminently his forum, where he brought to bear his extraordinary gifts of knowledge, logic, and tenacity.

Wayne Morse and I served together on the Foreign Relations Committee for fourteen years, from 1955 until 1969. There, especially, I appreciated his remarkable energy and foresight.

Whereas, many Senators made it a practice to appear only occasionally in the committee, to make a point or advance a particular cause, Senator Morse was there most of the time, listening, questioning, probing, and in so doing, educating—educating his colleagues, and educating the American people.

Above all, in foreign relations, he was farsighted. He was ahead of most of us in appreciating the defects of our bi-lateral foreign aid programs. He was one of the architects of the Alliance for Progress, and, under his chairmanship, the Foreign Relations Committee on Inter-American Affairs was uniquely creative and influential.

To his enduring fame and credit, Senator Morse perceived the tragic folly of the Vietnam War before virtually anyone else. His vote against the Tonkin Resolution in 1964, one of only two in the Senate, along with his then unheeded efforts to apprise the Senate of the facts of that episode, stand as a landmark of courage and prescience in the Senate.

We have heard a great deal in recent years about the need to strengthen the Senate by means of new rules of procedure and reorganized committees. For my part, I can think of a much more effective means of strengthening and rejuvenating the Senate: Elect more Senators like Wayne Morse of Oregon.

ADDRESS, THE HONORABLE ARTHUR J. GOLDBERG

Mr. GOLDBERG. There was a man—He was a zealot! He railed against injustice, immorality and abuse of power.

He had the courage to be alone and apart, in defense of principles. Just like the tree planted by the water, where principles were involved, he could not be moved.

He alienated and challenged the establishment on occasion. He even chided his most intimate friends for lapses from what he regarded to be the true faith.

Critics were prone to say that he was too self-righteous, that he wore a hair-shirt, that he was intolerant of human failings, and that his deep-felt convictions were to strongly expressed, too single-mindedly held, and too passionately argued.

Yet, his heart was filled with love, notwithstanding, that he often felt that he had to speak in words of condemnation.

He was a maverick, a mugwump. The man I have described is Jeremiah, Ezekial, Isaiah, or Micah, prophets in Israel.

Is it not remarkable how many of the qualities of the Hebrew prophets Senator Wayne Morse possessed? I would not presume to characterize Wayne Morse as a prophet in the biblical sense. The prophets of the Old Testament were divinely inspired.

Yet, it cannot be gainsayed that Senator Morse, like the prophets of old, was a zealot—for integrity, morality, justice, the rule of law, peace, and steadfast adherence to basic principles.

There is an old Jewish tradition, tracing back to the prophet Isaiah, that in every age there are 36 just men, which in Hebrew is called—they're called the "Lamitvov". According to this tradition, if just one of them were lacking, the suffering of man would multiply.

Lamitvov, the legend says, are the hearts of the world multiplied; and into them, as into one receptable, pour all of our grievances

against injustice and inequity. The teaching of this legend is that *one man* is indispensable, and Wayne Morse was!

For Wayne Morse's career and good works proves the essential truth of this legend: Absent Wayne Morse and his great contributions to the cause of the poor, the oppressed, the wage-earner and those discriminated against, the suffering of mankind would, indeed, have multiplied!

The Lamitvov tradition is a legend. But, to paraphrase the poet, more things are wrought by legends that men dream of.

If Wayne Morse dissented from public policies contrary to the public interest, as he frequently did, if he championed social and economic justice, as he frequently did, if he fought for the elimination of illiteracy, of prejudice and racial bigotry, as he did, if he loved peace—hated war—abjured violence and discord at home and abroad, as he did, Senator Morse was giving expression to the highest patriotism, best defined by Adlai Stevenson in these words:

"What do we mean by patriotism in the context of our times?

A patriotism that puts country ahead of self;
A patriotism which is the steady dedication of a lifetime.
These are words that are easy to utter,
But this is a mighty assignment.
For it is often easier to fight for principles,
Than to live up to them."

"When an American says he loves his country

He means not only that he loves the New England hills,
The prairies glistening in the sun,
The wide and rising plains,
The great mountains and ranges and virgin forests of the far west,
He means that he loves an inner air,
An inner light in which freedom lives
And in which a man can draw a breath of self-respect."

I don't know whether Adlai Stevenson was conscious of this, but he was paraphrasing the words of the first Chief Justice of the United States, John Jay, who spoke of the "Free Air of American Life."

If I were to have a capsule of Wayne Morse, I would say he took one again from the founding fathers.

His slogan was theirs: "Do not tread on me and our liberties." That to me is the essence of Wayne Morse.

Like another great American, he conceived that those who won our independence believed liberty to be the secret of happiness, and courage to be the secret of liberty.

They believed, as he did, that the greatest menace of freedom is an inert people; that public discussion is a political duty; that this should be a fundamental principle of all American government.

They recognized the risk to which all human institutions are subject; But they knew, as he did, that order cannot be secured merely through fear of punishment for its infraction; that it is hazardous to discourage thought, hope and imagination; and that fear breeds repression, that repression breeds hate, that hate menaces stable government; that the path of safety lies in the opportunity to discuss freely supposed grievances and proposed remedies, and that the fitting remedy for evil counsels is good ones. These convictions held by the founding fathers—and Wayne Morse, perhaps represent a lesson to us, and a teaching for our present travails.

In mourning Wayne Morse's passing, we, his friends and distinguished colleagues who are gathered here today salute this indomitable combat soldier for liberty, freedom, justice and peace.

To these great ends he dedicated his life and, in so doing, left an enduring profile in courage.

PRAYERS

For the departed and those who mourn, for Oregon, for our country, the Lord's prayer.

Canon CAVE. As the service draws to a close, shall we stand for the prayers:

"Almighty God, our Heavenly Father, in whose hands are the living and the dead, we give Thee thanks for all Thy servants who have spent their lives in the service of our country, especially Thy servant, Wayne. Grant to him Thy mercy, and the light of Thy presence, and give to us such a lively sense of Thy righteous will that the work Thou hast begun in him may be perfected through us." Amen.

Let us pray for Oregon:

"O, God, author of all majesty, how bright is Thy glory, upon the land of Oregon. Blessed be the trees upon their hills, the valleys in their verdure, and the dry places waiting their turn of fertility. Praised be to Thee for the precious gift of rain, drawn in to Heaven from the sea, caught again upon the snowy peaks, returning fruitfully down the strong rivers, giving life to Thy people in their orchards and city places. May their lives likewise be lifted to Thee and blessed, and sent again to do Thy service upon earth; so may the land be renewed, and the souls of Thy servants, through Jesus Christ, our Lord." Amen.

Let us pray for our country:

"Almighty God, who hast given us this good land for our heritage; we humbly beseech Thee that we may always prove ourselves a people mindful of Thy favor and glad to do Thy will. Bless this land with honorable industry, sound learning, and pure manners. Save us from violence, discord, and confusion; from pride and arrogance, and from every evil way. Defend our liberties, and fashion into one united people the multitudes brought hither out of many kindreds and tongues. Fill with the spirit of wisdom those to whom we entrust the authority of government, that there may be justice and peace at home, and that, through obedience to Thy law, we may show forth Thy praise among the nations of the earth. In the time of prosperity, fill our hearts with thankfulness; and in the day of trouble, suffer not our trust in Thee to fail; all of which we ask through Jesus Christ, our Lord." Amen.

All pray: "Our Father, who art in Heaven, hallowed be Thy Name. Thy kingdom come. Thy will be done. On earth as it is in Heaven. Give us this day our daily bread. And forgive us our trespasses, as we forgive those who trespass against us. And lead us not into temptation, but deliver us from evil, for Thine is the kingdom, and the power, and the glory, forever and ever." Amen.

BENEDICTION, CANON CAVE

Canon CAVE. "The peace of God which passeth all understanding, Keep your hearts and minds in the knowledge and love of God, And of His Son, Jesus Christ our Lord, and the blessing of God almighty, the Father, the Son, and the Holy Ghost, be amongst you and remain with you always." Amen.

POSTLUDE

Choral Prelude "We Believe in One God," by Johann Sebastian Bach.

INTERVIEW OF HON. CARL VINSON IN AIR FORCE MAGAZINE

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, in the August issue of Air Force magazine is an interview with the former chairman of the House Armed Services Committee, the Honorable Carl Vinson. I am sure that many of my colleagues here in the House remember Carl Vinson for his devoted service to his district and to his country in this Chamber until his retirement just 10 years ago.

Mr. Speaker, Carl Vinson gave over 50 years of distinguished, and may I add, exceptional service to the people of the Nation. I am proud of my personal association with Carl Vinson on the Armed Services Committee, and I am confident that my colleagues will find his thoughtful view expressed in retirement as useful and enlightening as they were when expressed in active public service.

I include the interview at this point in the RECORD.

THE VIEW FROM MILLEDGEVILLE, GA.

(By Louis R. Stockstill)

("Intelligence, and reflection, and judgment rest in old men, and if there had been none of them, no states could exist at all."

The words are those of Cicero, and we find them marvelously appropriate to introduce the following interview with Carl Vinson, the eldest elder stateman extant in the field of national security. Readers of this magazine will remember the interviewer, Lou Stockstill, best for his article "The Forgotten Americans of the Vietnam War," in our October 1969 issue, which told for the first time of the shameful treatment of American POWs in Southeast Asia and set off a series of reverberations that eventually resulted in the return of those who survived. In his former capacity as editor and congressional correspondent of the Armed Forces Journal, Stockstill came to know Carl Vinson well, as a news source and as a friend.

We thought it appropriate that Stockstill go to Milledgeville, Ga., to see how the first and longtime Chairman of the House Armed Services Committee now views the kinds of problems he had been so adept at solving in years past.—The Editors.)

Q. Mr. Chairman, after more than fifty years in the House of Representatives, you have now been in retirement for ten years. Still, I imagine that in your leisure time, you continue to reflect on many of the current issues of national defense.

A. Now, Lou, you know that an old man, out of public office for ten years, should be seen very little, if at all, and heard even less.

Q. In you case, Mr. Vinson, I doubt that ever will be true. Many of our present leaders and members of our armed forces would consider themselves fortunate if they could benefit from your wisdom and know some of your thoughts about the trends and issues that affect our military posture.

A. Well, naturally, I continue to be very interested in matters affecting our armed forces and the security of the United States. But you have to remember that I no longer have any close, personal knowledge of most of these matters. I try to keep informed about what's going on. I read four daily newspapers, I read the New York Times's weekly news round-up, and I watch the major national news programs on TV every night. But that's about the extent of my knowledge. If you keep that in mind, I'll try to answer your questions. Now, what is your first question?

Q. One of the big questions remaining from the Vietnam War has to do with men who evaded the draft and refused to serve, or who deserted military service and fled to another country. How do you feel about amnesty for these men?

A. I strongly oppose any general amnesty. We should never encourage the idea that military service is something that can be shunned at the whim of the individual. When a man evades the draft or deserts his uniform, it means another young man has to take his place and perhaps fight, or be wounded, or even killed. And it would be unfair to these other young men to allow

those who shirked their responsibility to go scot free.

Q. Do you favor some provisional amnesty that would give them, so to speak, a second chance? Recently a former Secretary of the Army told a congressional committee that these men all had one thing in common—they were all young and they all made a mistake.

A. I heard that testimony, too. Perhaps they were young and made a mistake, but from what I've seen of those being interviewed on TV, few acknowledge or even know they made a mistake. Their attitude is not one to encourage widespread support for amnesty.

I think every case will have to be considered on its merits, and if the man owes a debt to society, he must pay it. Unless we deal firmly with this problem, we will only encourage disrespect for our armed forces and for the millions of young men who have served their country honorably.

Q. This might be an appropriate place to discuss the efforts that are being made to man the services with an all-volunteer force. Do you believe this program will be successful?

A. No, I do not. From what I gather to be the case even if we get all of the men we need, they won't all be of the caliber we need.

The profession of arms is an honorable profession, and money alone won't fill the ranks. You can't buy patriotism, and you can't buy loyalty. And from what I've been reading lately about the thousands of dollars in bonuses that are being offered for reenlistment and to keep medical officers and other specialists, it seems to me that the costs are getting entirely out of hand.

But even if we can afford the dollar costs, we can't afford the risk of filling the ranks of the armed forces with men who are not fully qualified, men who are not high school graduates, or who are below average in intelligence.

Sooner or later I think we'll have to go back to the draft. And I hope we don't wait until it's too late. I think Congress should reinstate the draft right now.

Q. The Secretary of Defense has stated that the maximum attributable cost of the volunteer force during Fiscal Year 1975 will be about $3.7 billion; the total military manpower price tag is almost $32 billion, however—or more than one-third of the entire Defense Department budget for the coming fiscal year. What effect do you think these growing manpower costs are having on other Defense Department programs?

A. They are bound to have a profound effect. Weapons costs never stop going up, and if you have to set aside billions of dollars for your payroll, then obviously, in a tight-money situation, you'll have less to spend on weapons and other programs.

And, of course, we are facing another tight-money situation. After every war, our defense expenditures have always been tightened up. The same pattern is shaping up again. The actual dollar outlays may be greater, but what we can buy with the money is a lot less.

Q. Do you find this alarming?

A. Yes, I do. Russia is our major potential adversary, and the Soviet Union's weapons have become more and more sophisticated and she is constantly improving her arsenal. We cannot afford to let Russia overtake us. We have to improve our bomber force, and we must keep our missile superiority, and we must improve our submarine force and constantly moderize and strengthen our Navy so that we'll continue to be second to none.

Q. Do you think the Strategic Arms Limitation effort and the present policy of détente will enable us to reduce our Defense expenditures?

A. Well, let me say this. We must strive to use every means at our command to create a more peaceful world. But our leaders can only go to the conference table with confidence as long as we are as strong as or stronger than any potential adversary. Any reductions we might make must be made only when we are absolutely sure that we are not lessening our safeguards.

Q. Mr. Chairman, there has been some recent talk in Washington about a possible move within the Defense Department to reorganize the armed forces and perhaps change some of the present roles and missions. Would you encourage a new look at the present structure of the services?

A. I don't know of any particular need to look at it, but I don't know all of the background. I do know that the present organization and present roles and missions were hammered out in the Eisenhower Administration, and they are well defined and well understood. There's no harm in reviewing the structure from time to time, of course, but changes should not be made unless they offer strong, justifiable improvements.

If anything needs to be reviewed today, I think it might be the ratio of fighting men to the ratio of support forces. If we need to revitalize the services, we should probably tighten up the support structure.

When we created the Air Force, for example, we created it so we would have a superior force of pilots capable of performing all essential air missions. I think we may have gotten too far away from that concept, and that the Air Force could possibly strengthen its rated-officer structure and pare back in some of the areas that are not directly related to its primary combat missions.

And the same thing holds true for the other services, as well.

Q. With respect to Air Force pilots, you probably are aware there have been some drastic changes in the methods of determining eligibility for flight pay, and that this matter is still under study and revision in the Congress. What is your reaction to this? [The new flight pay bill was signed into law on May 31 and became effective June 1.—The Editors]

A. Unquestionably, we have to pay pilots a premium. It costs millions to train them, and once they're trained, we have to make every effort to keep them in uniform. I'm not familiar with the changes or proposed changes in flight pay, but I would say this:

If changes are made, they must be designed to increase the attractions of a military career in flying and to improve the pilot retention rate. Any change that won't enhance these two goals won't be worth making.

And, from my experience, I would say that that principle applies across the board to most armed forces manpower needs. It applies particularly in areas of highly specialized training where the government foots the training costs.

Q. Mr. Chairman, I know you have been concerned about the effect of the recent energy crisis on our military preparedness, specifically as it related to the petroleum reserves set aside for defense use. Could you comment on this and on any related concerns you have about future energy needs as they apply to the armed forces?

A. This is a subject I'm glad to talk about. The fate of these special petroleum reserves has worried me a great deal the last few months.

The Administration wanted to start pumping this oil. They wanted to pump out more than we took out during all of WW II—as much as 200,000 barrels a day, compared with 64,000 barrels a day that we used during the war.

Of course, it's up to Congress to decide this issue. But, personally, I opposed it and will continue to oppose it. And I hope and trust that the Congress will insist on keeping this oil right where it is—in the ground.

These reserves were set aside for defense needs in wartime. If we allow this oil to be used for every kind of emergency, we run a grave risk of eventually having no backup supply in some future time of national danger.

Petroleum shortages, in a situation like the crisis we just weathered, may hamper us and hold us back and cut out Sunday driving, but unless they threaten our national survival, we must hold onto our defense reserves.

It's an old saying, but I'll repeat it, anyway. You can't eat your cake and have it. If we draw on these reserves now, they won't be there when we really need them.

Q. Do you foresee any steps we should be taking to improve the long-range energy requirements of the armed forces?

A. Well, one thing everyone learned from the recent crisis is that we can no longer afford to depend on foreign nations to fulfill our energy needs. We have to move ahead rapidly in achieving maximum independence. We must make every effort to increase all of our energy resources and output.

Personally, I think we should launch a new, all-out effort to capitalize on the pioneering success we had in harnessing the atom. We all know what the Manhattan Project achieved. And I think that a similar effort could produce atomic power for all of our naval vessels and that we could still produce an atomic-powered aircraft engine.

The nation that put the first man on the moon certainly has the ability to solve the problem of repackaging the atom.

One way that we could go about it would be to set up a program that would assure the utilization of all of the magnificent brainpower that is now being drained out of the space program. These scientists and engineers already have demonstrated that they can do the impossible. If we gave them whatever additional experts they might require and reorganized them into a task force charged with finding new answers to our energy needs, I believe they might amaze us, all over again.

But no matter what form the effort takes, we shouldn't delay a minute in getting on top of this problem. Every potential means of improving our energy resources must be thoroughly explored and exploited, not only for the benefit of the military but for the benefit of every citizen of the nation.

Q. Two final questions, Mr. Chairman: First, how do you view the performance of the House Committee on Armed Services since your retirement?

A. The Committee has done an outstanding job. The membership has changed substantially since I left, but I think that the late Mendel Rivers made a great record as Chairman, and I think Eddie Hébert has demonstrated that he may be the finest Chairman the Committee has ever had.

You know, Eddie was always one of the hardest working, most knowledgeable, and most thorough subcommittee Chairmen who ever served under me. He proved himself long ago when he first headed the Investigating Subcommittee, and he continues to demonstrate superior qualities of leadership.

It has pleased me to see the Committee continue its longstanding policy of nonpartisanship. When it comes to the defense of our country, no issue must ever be decided in a partisan atmosphere.

The ranking Republicans on the Committee, Bill Bray and Les Arends, and the senior Democrats, Mel Price and O. C. Fisher, have always been stalwart believers in this philosophy and I know they have given Chairman Hébert strong support in maintaining this essential method of examining our defense requirements.

Some of the other members who started out as freshmen congressmen when I was Chairman, who impressed me at the time, and who continue to impress me with the caliber of their endeavors, are still there—Charley Bennett, Sam Stratton, Otis Pike, Bob Wilson, and Dick Ichord. They are all strong men, and as long as the Committee has leaders like them, it will continue to make a fine record.

Some of the outstanding members, like Les Arends, O. C. Fisher and Charley Gubser are retiring at the end of this Congress, but

I have faith that their replacements will try to serve the interests of their country, with the same honesty and integrity that these men and the long line of their predecessors have always exhibited.

The Committee has a proud heritage. It is respected and admired. If those who now serve on the Committee, or who join it in the future, want to take pride in their service, they will continue to uphold and build on the Committee's reputation for hard work and no nonsense.

Q. Do you have any advice for the newer members of the Committee?

A. If I were in a position to advise them, the most important message I could pass along would be this: Never allow geographic concerns, or narrow constituent concerns, or private or political or vested interests, or any such interests to influence your vote on issues of national security. Your main concern, always, must be the welfare of the United States of America.

GET ON OUT HERE

(By Lou Stockstill)

The 300-acre Vinson home, River Ridge Farm, sits astride an unnumbered state highway four miles south of Milledgeville, the old, pre-Civil War capital of Georgia.

The rolling, well-maintained road is bordered with a heavy carpet of red clover, towering pines, and green pastures. As you leave the outskirts of Milledgeville, a signpost identifies the road as Vinson Highway.

But when you reach the farm, there's nothing to indicate that it belongs to one of Georgia's most illustrious sons. A thick privet hedge marches along the road in front of the half-moon driveway curving up to the house. Tall magnolia, nandina, dogwood, and other trees and shrubs enfold and dwarf the spacious white frame residence so that it appears deceptively small and inconspicuous. Most travelers would pass it by without paying it much attention—a fact that suits the man who lives there.

He has always walked apart from the common herd, and guarded his privacy with zeal. Retirement has not changed him. Unlike many former colleagues who have retired or been defeated but continue to haunt the halls of Congress, Carl Vinson has never been back inside the US Capitol since he stepped down as Chairman of the House Committee on Armed Services ten years ago.

Of course, friends from "Washington City" come to Milledgeville. Recent visitors have included Mel Laird and Bryce Harlow, before they left the White House as senior advisers to the President; House Armed Services Committee Chairman F. Edward Hébert; the Secretary of the Navy; the Chief of Naval Operations; former Sen. Margaret Chase Smith; and Rep. and Mrs. Bob Sikes.

He welcomes these visitors and the chance to hear first-hand news about the Congress and official Washington. But in the quiet days when there are no visitors, he keeps busy on the farm and with his office in town and his correspondence, and he is content.

For my first interview with Mr. Vinson, I was late—not by the clock, but by his own personal timetable, which has built-in pitfalls even for the wary.

Before I left Washington, I had talked with him on the telephone. He had reserved a room for me at the Holiday Inn, about two miles on the other side of Milledgeville from the farm. And he had told me to telephone him when I arrived.

From previous experience, I knew this did not mean thirty minutes or an hour after my arrival, but the instant I checked in. So I quickly placed the call.

"All right, Lou," he said, "now you go through town and stop and see Till and then come on out to the farm."

"Till" is a former assistant of Mr. Vinson's who also is retired. He and his family live in Mr. Vinson's former townhouse on Montgomery Street, where Mr. Vinson grew up, just around the corner from Georgia College. It's about a ten-minute drive from the Holiday Inn, and I was there is less than fifteen minutes.

Till and I chatted for another ten minutes, and then the telephone rang. We both smiled in the knowledge of what it foreboded. And we were not wrong. It was Mr. Vinson.

"Where is Lou?" he wanted to know. "Right here," Till said. "Well, tell him to get on out here," Mr. Vinson commanded, "I'm waiting for him."

Those who know Mr. Vinson best are familiar with his idiosyncracies and find them amusingly endearing. I would be treated to others over the next three days. When a man has served in the House of Representatives for more than half a century (longer than anyone in our history) and chaired a major congressional committee for thirty years (also a record), it is difficult not to become a little imperious.

I got on out.

We spent the afternoon reminiscing and talking about current activities of old friends, what they're up to and what the government is up to. And then we drove back into Milledgeville for an early dinner.

Mr. Vinson has never driven a car, has never learned to drive. And he tends to be suspicious of the competence of those who do sit behind the wheel.

As we headed back into Milledgeville, I waited for my first instructions. They were not long in coming.

"Now, Lou," he said, "you're driving too fast. You'd better slow down or you'll get a citation."

I was doing thirty-five in a forty-mph zone, so I slowed down.

During dinner I had no need to outline my planned schedule for the interview that had brought me to Milledgeville. Mr. Vinson, as I had anticipated, already had thought out an agenda:

"Now, we'll go back to the farm after dinner, and watch the evening newscasts, and then we can talk until time to go to bed. And in the morning you can come back out and I'll try to answer some of your questions. And that's the routine we'll follow."

And so it was. We spent mornings on the interview. But in the evening, we watched the TV news programs. And then, until 10:00 or 10:30 each night, we discussed the people and events in the news and then rambled through a great many other topics.

The conversation frequently ranged back in time. Mr. Vinson talked about his family. His grandfather helped survey the state in its infancy. An uncle served in the Georgia legislature before the Civil War. He is particularly proud of two present-day members of the family: a nephew, Army Maj. Gen. Wilbur Vinson, who commands the Southern European Task Force, headquartered in Italy; and a great nephew, Sam Nunn, who represents Georgia in the United States Senate.

Mr. Vinson talked about some of his own campaigns for the Congress.

He recalled the events involved in his first race for the US House of Representatives, sixty years ago. His memory at any age would be remarkable, but at ninety years and six months, it is little short of phenomenal.

Remembering that first campaign in 1914, he talked about a speech he made in August "at noon" on a "wet, gray day." He recalled the first words he spoke and the effect they had on his audience. And he recited the names of all of the counties he carried to win the race, as well as those he lost.

As he talked about his early days in Washington City, he remembered vivid and specific details about the numerous rooming houses, boarding houses, and hotels where he lived as a bachelor (their names, locations, the amount of his rent, and the names of others who lived there). He still remembers the exact price he paid for the modest frame house he bought in Chevy Chase after his marriage in the depression years.

He recalled the automobile trips he and Mrs. Vinson made to Georgia in those years (with "Mary" at the wheel). "There were only two small paved stretches of road the entire distance, and one of them was paved with brick. The trip took four days each way."

Sometimes the memories crowded in thick and fast. They were well larded with humorous anecdotes.

On his first visit to the White House after John F. Kennedy became President: "He told me to sit down and motioned to a rocker. I said, 'Mr. President, I know the Executive and the Legislative are coequal branches of government, but in the old days when I came to see the President I always stood in front of the desk. It's easier to end an interview if only one person is seated.' And President Kennedy laughed and told me, 'Well, in that case you sit and I'll stand.' "

In another discussion, I mentioned to Mr. Vinson that I had never seen him angry. "Well," he said, "anger is an emotion no man can afford."

He remembered a House colleague who had been elevated to the chairmanship of another committee and who came to ask advice about how to keep the committee members in line. "I told him to get a copy of the House Armed Services Committee rules and just follow them to a 'T,' and he wouldn't have any trouble."

But before long, Mr. Vinson said, the colleague was back, bemoaning the fact that his committee members had all but wrested his powers right out of his hands. "Your rules didn't help a bit," he complained.

Mr. Vinson told him. "It wasn't my rules that did it. The trouble is, you got all of your members mad at you. I never let more than four or five of my members get mad at me at any one time."

During the evenings I spent with Mr. Vinson, we both laughed a great deal. He has always had a marvelous sense of humor.

Sometimes as we talked and laughed, from the comfort of the two big, over-stuffed rocking chairs on his enclosed back porch, it was difficult for me to remember that I was sitting with a man who was a powerful influence in the nation when I was still a schoolboy; a man who has personally known nine Presidents of the United States; who is the only living member of the historic Aircraft Board, appointed by President Calvin Coolidge, that blueprinted the future of American commercial and military aviation.

I have known Carl Vinson for twenty-four years. Most of the time, I would find myself thinking of him as a contemporary. And I would momentarily forget that this is a man who also knew Billy Mitchell, who argued with Herbert Hoover, who battled with Dwight Eisenhower, and who served as mentor to such fledgling congressmen as Lyndon Johnson and "Scoop" Jackson—a man who was the architect of the two-ocean navy and who played a major role in the development of almost every aspect of America's present-day military might.

But then I would remember. And I would be grateful that AIR FORCE Magazine had given me this opportunity to once again spend some time with a great American who, only incidentally, is an old friend.

AMENDMENT TO H.R. 12859

(Mr. ROUSH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROUSH. Mr. Speaker, pursuant to rule XXIII, clause 6, of the Rules of the House of Representatives I submit the following amendment, for printing in the RECORD, to H.R. 12859:

On page 57, line 18, after the period insert "provided, however, that such provision shall not prohibit the leasing of railway rights of way, the use of which have been abandoned

as provided by law, to state and local units of government for recreation purposes."

THE CRISIS OF INFLATION

(Mr. BEARD asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BEARD. Mr. Speaker, despite the passing of the tragedy of Watergate from the center of the public stage, it is clear that we will have no respite from pressing problems. It is obvious that the most serious of these is continuing, rampant inflation. We must deal with this problem above all others. To fail to do so invites imminent national disaster.

Mr. Speaker, inflation is literally consuming us. The value of each individual's paycheck is shrinking at such a rate that visions of women carrying bushel baskets of bills to the grocery store—as happened when the German mark plummeted in the fading days of the Weimar Republic—do not seem farfetched. Each month, the cost of living goes up. This affects each of us, from the Tennessee farmer who has to spend more for his feed, to the California truckdriver who has to spend more for his fuel, to the New York housewife who has to spend more for her groceries. Mr. Speaker, we are being engulfed by wave after wave of inflation and the time has come to put a stop to it before it literally destroys us.

I believe that we have reached the point in our economic history where we must admit the crisis we are in, and at which point we must begin to remedy the situation. I am today introducing legislation which will, if enacted, greatly restrain Federal spending and which would require a mandatory reduction of our huge national debt. My bill prohibits Federal expenditures in excess of Federal revenues, except in time of war, and requires the Government to use a portion of those revenues to retire a portion of the national debt annually.

Many of my liberal colleagues will say this is an extreme measure, impractical and absurd in these days of sophisticated, post-Keynesian economic theory. Mr. Speaker, this is extreme, but I believe our economic system is virtually in extremis and that the times demand a measure such as this.

Basically, my bill provides that: Expenditures of the Government during each fiscal year, including reduction of the public debt, shall not exceed its revenues for such year except: First, in time of war declared by the Congress; or second, during a period of grave national emergency declared by the Congress by a concurrent resolution which has passed each House by the affirmative vote of at least two-thirds of the authorized membership of that House.

The public debt limit is hereby reduced as follows: Effective October 1, 1974, by an amount equal to 2 percent of the net revenue of the United States for the fiscal year ending September 30, 1975; followed reductions of 3 percent of revenues in fiscal 1976, 4 percent of revenues in fiscal 1977, and 5 percent of revenues in each fiscal year thereafter.

The bill also would require that the budgets submitted annually by the President be prepared, on the basis of the best estimates then available, in such a manner as to insure compliance with the first section of this act.

Notwithstanding any obligational authority granted or appropriations made, except such with respect to the legislative and judicial branches of the Government, the President shall from time to time during each fiscal year take such action as may be necessary—by placing funds in reserve, by appointment of funds, or otherwise—to insure compliance with the first section of this act.

Section 4 of my bill would prohibit the Congress from passing appropriations which would result in expenditures by the Government during any fiscal year in excess of its revenues—as such revenues have been estimated in the budget submitted by the President—except in these cases:

First, to the extent of any additional revenues of the Government for such fiscal year resulting from tax legislation enacted after submission of the budget for such fiscal year;

Second, in time of war declared by the Congress; or

Third, during a period of grave national emergency declared in accordance with the first section of this act, with the proviso that such excess expenditures may be made only during the actual period of grave emergency.

Mr. Speaker, I recognize that this bill does not represent a popular solution to our economic ills, for it requires us to pare Federal spending to the bare minimum. In doing so, each of us will lose not only programs we believe are in the true national interest, but also on our "pet projects," a dam here, a road there, a post office somewhere else. The harsh realities of our sad situation must become apparent to all of us. We are walking along an economic abyss. I feel that enactment of this legislation will prevent us from falling into that abyss and will, indeed, put us on the road to true economic health and stability.

Mr. Speaker, I insert the text of my bill at this point in the RECORD:

H.R. ——

A bill to provide that Federal expenditures shall not exceed Federal revenues, except in time of war or grave national emergency declared by the Congress, and to provide for systematic reduction of the public debt

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the expenditures of the Government during each fiscal year, including reduction of the public debt in accordance with the provisions of section 2, shall not exceed its revenues for such year except—

(1) in time of war declared by the Congress; or

(2) during a period of grave national emergency declared by the Congress by a concurrent resolution which has passed each House by the affirmative vote of at least two-thirds of the authorized membership of that House.

SEC. 2. Section 21 of the Second Liberty Bond Act, as amended (31 U.S.C. 757b), is amended by inserting "(a)" after "SEC. 21.", and by adding at the end thereof the following:

"(b) The public debt limit set forth in subsection (a) is hereby reduced as follows:

"(1) Effective on October 1, 1975, by an amount equal to 2 percent of the net revenue of the United States for the fiscal year ending September 30, 1975;

"(2) Effective on October 1, 1976, by an amount equal to 3 percent of the net revenue of the United States for the fiscal year ending September 30, 1976;

"(3) Effective on October 1, 1977, by an amount equal to 4 percent of the net revenue of the United States for the fiscal year ending September 30, 1977;

"(4) Effective on October 1, 1978, and October 1 of each year thereafter, by an amount equal to 5 percent of the net revenue of the United States for the fiscal year ending on September 30, of the preceding year."

SEC. 3. (a) The Budget submitted annually by the President pursuant to section 201 of the Budget and Accounting Act, 1921, as amended, shall be prepared, on the basis of the best estimates then available, in such a manner as to insure compliance with the first section of this Act.

(b) Notwithstanding any obligational authority granted or appropriations made except such with respect to the legislative and judicial branches of the Government, the President shall from time to time during each fiscal year take such action as may be necessary (by placing funds in reserve, by apportionment of funds, or otherwise) to insure compliance with the first section of this Act.

SEC. 4. The Congerss shall not pass appropriations measures which will result in expenditures by the Government during any fiscal year in excess of its estimated revenues for such year (as such revenues have been estimated in the budget submitted by the President), except—

(1) to the extent of any additional revenues of the Government for such fiscal year resulting from tax legislation enacted after the submission of the budget for such fiscal year; or

(2) in time of war declared by the Congress; or

(3) during a period of grave national emergency declared in accordance with the first section of this Act; but, subject to paragraph (1) of this section, appropriations measures which will so result in expenditures in excess of estimated revenues may be passed by the Congress only during such a period of grave national emergency.

SEC. 5. This Act shall apply only in respect of fiscal years beginning after October 1, 1975.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. SHIPLEY (at the request of Mr. O'NEILL), for today and Thursday, August 15, on account of death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. VANIK, for 20 minutes, today, to revise and extend his remarks and include extraneous material.

(The following Members (at the request of Mr. MARTIN of North Carolina) to revise and extend their remarks and include extraneous material:)

Mr. ZION, for 5 minutes, today.

(The following Members (at the request of Mrs. BOGGS) and to revise and extend their remarks and include extraneous matter:)

Mr. FLOOD, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. BRADEMAS, for 5 minutes, today.

Mr. MURPHY of Illinois, for 5 minutes, today.

Mr. BADILLO, for 15 minutes, on August 20.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ST GERMAIN to revise and extend his remarks on the amendment to section 701 immediately preceding vote on Stark amendment.

Mr. DON H. CLAUSEN, to insert his remarks during debate on Stark amendment on H.R. 9989.

(The following Members (at the request of Mr. MARTIN of North Carolina) and to include extraneous material:)

Mr. FINDLEY.
Mr. ASHBROOK in four instances.
Mr. RONCALLO of New York.
Mr. ANDERSON of Illinois.
Mr. HANRAHAN.
Mr. ZWACH.
Mr. WALSH.
Mr. FRENZEL in three instances.
Mr. FRELINGHUYSEN.
Mr. HOSMER in two instances.
Mr. BELL in two instances.
Mr. REGULA.
Mr. SYMMS.
Mr. DERWINSKI in three instances.
Mr. CONTE.
Mr. KETCHUM in two instances.
Mr. CONABLE in two instances.
Mr. BAKER.
Mr. GILMAN.
Mr. CRONIN.

(The following Members (at the request of Mrs. BOGGS) and to include extraneous matter:)

Mr. TIERNAN.
Mr. ROSE.
Mr. BOWEN.
Mr. WALDIE in two instances.
Mr. HAMILTON.
Mr. GONZALEZ in three instances.
Mr. RARICK in three instances.
Mr. ANDERSON of California in two instances.
Mr. WON PAT.
Mr. MINISH.
Mr. YATRON.
Mr. LITTON.
Mr. STOKES in two instances.
Mr. CAREY of New York.

ENROLLED BILL SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7218. An act to improve the laws relating to the regulation of insurance companies in the District of Columbia.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2957. An act to amend the title of the Foreign Assistance Act of 1961 concerning the Overseas Private Investment Corporation to extend the authority for the Corporation, to authorize the Corporation to issue reinsurance, to terminate certain activities of the Corporation, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on August 13, 1973, present to the President, for his approval, bills of the House of the following title:

H.R. 11108. An act to extend for 3 years the District of Columbia Medical and Dental Manpower Act of 1970; and

H.R. 12832. An act to create a Law Revision Commission for the District of Columbia, and to establish a municipal code for the District of Columbia.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 5 o'clock and 24 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, August 15, 1974, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

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

2655. A letter from the Secretary of the Army, transmitting to amend title 10, U.S. Code, and the Military Selective Service Act to permit the assignment of members of the armed forces who have completed basic training and training in a military specialty as is prescribed by the Secretary concerned to oversea areas free from hostile fire, and to permit the release of Reserve component enlistees from their initial active duty for training upon completion of basic training and training in a military specialty as is prescribed by the Secretary concerned; to the Committee on Armed Services.

2656. A letter from the Secretary of the Interior, transmitting the report on activities carried on by the Geological Survey outside the national domain during the period January 1 to June 30, 1974, pursuant to 42 U.S.C. 31(c); to the Committee on Interior and Insular Affairs.

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. HALEY: Committee on Interior and Insular Affairs. H.R. 13157. A bill to provide for the establishment of the Clara Barton National Historic Site, Md.; John Day Fossil Beds National Monument, Oreg.; Knife River Indian Villages National Historic Site, N. Dak.; Springfield Armory National Historic Site, Mass.; Tuskegee Institute National Historic Site, Ala.; and Martin Van Buren National Historic Site, N.Y.; and for other purposes; with amendment (Report No. 93-11285). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 14217. A bill to provide for increases in appropriation ceilings and boundary changes in certain units of the National Park System, to authorize appropriations for additional costs of land acquisition for the National Park System, and for other purposes; with amendment (Rept. No. 93-1286). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce, H.R. 16102. A bill to amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 to exempt from its provisions the period from the last Sunday in October 1974, through the last Sunday in February 1975; with amendment (Rept. No. 93-1287). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. ARCHER (for himself and Mr. CORMAN):

H.R. 16419. A bill to amend the Tariff Schedules of the United States with respect to the rate of duty on bale ties of baling cotton, and for other purposes; to the Committee on Ways and Means.

By Mr. DOMINICK V. DANIELS (for himself, Mr. ESCH, Mr. PEYSER, Mr. PERKINS, Mr. QUIE, Mr. GAYDOS, Mr. MEEDS, Mr. PHILLIP BURTON, Mrs. GRASSO, Mr. DENT, Mr. BADILLO, Mr. STEIGER of Wisconsin, Mr. FORSYTHE, Mr. SARASIN, Mr. THOMPSON of New Jersey, Mr. BRADEMAS, Mr. HAWKINS, Mr. FORD, Mrs. MINK, Mr. CLAY, Mrs CHISHOLM, Mr. BIAGGI, Mr. LEHMAN Mr. BENITEZ, and Mr. RODINO):

H.R. 16420. A bill to provide for the development and implementation of programs for youth camp safety; to the Committee on Education and Labor.

By Mr. DOMINICK V. DANIELS (for himself, Mr. DELLUMS, Mr. DERWINSKI, Mr. EILBERG, Mr. FRASER, Mr. HELSTOSKI, Mr. HOWARD, Mr. MCKINNEY, Mr. METCALFE, Mr. NIX, Mr. ROSENTHAL, Mr. ROYBAL, Mr. SARBANES, Mr. STEELE, and Mr. VEYSEY):

H.R. 16421. A bill to provide for the development and implementation of programs for youth camp safety; to the Committee on Education and Labor.

By Mr. FINDLEY (for himself, Ms. HOLTZMAN, Mr. SCHERLE, and Mr. HAWKINS):

H.R. 16422. A bill to terminate age discrimination in employment; to the Committee on Education and Labor.

By Mr. HOLIFIELD (for himself and Mr. HORTON):

H.R. 16423. A bill to provide for the resolution of claims and disputes relating to Government contracts awarded by executive agencies; to the Committee on the Judiciary.

By Mr. HORTON (for himself, Mr. HOLIFIELD, and Mr. YATRON):

H.R. 16424. A bill to establish a Commission on Federal Paperwork; to the Committee on Government Operations.

By Mr. PATMAN (for himself, Mr. BARRETT, Mr. REUSS, Mr. ASHLEY, Mr. MOORHEAD of Pennsylvania, Mr. STEPHENS, Mr. MINISH, Mr. HANNA, Mr. GETTYS, Mr. ANNUNZIO, Mr. REES, Mr. HANLEY, Mr. KOCH, Mr. COTTER, Mr. MOAKLEY, Mr. STARK, Mrs. BOGGS, Mr. WIDNALL, Mr. JOHNSON of Pennsylvania, Mr. J. WILLIAM STANTON, Mr. BROWN of Michigan, Mr. WYLIE, Mrs. HECKLER of Massachusetts, Mr. MCKINNEY, and Mr. FRENZEL):

H.R. 16425. A bill to provide for the monitoring of the economy, and for other purposes; to the Committee on Banking and Currency.

By Mr. PATMAN (for himself, Mr. RONCALLO of New York, Mr. BURGENER, Mr. RINALDO, and Mr. TREEN):

H.R. 16426. A bill to provide for the monitoring of the economy, and for other purposes; to the Committee on Banking and Currency.

By Mr. SLACK:

H.R. 16427. A bill to provide for protection of franchised dealers in petroleum products; to the Committee on Interstate and Foreign Commerce.

By Mr. WYMAN:

H.R. 16428. A bill to provide for the development of a long range plan to advance the national attack on arthritis and related musculoskeletal diseases and for arthritis training and demonstration centers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BEARD:

H.R. 16429. A bill to provide that Federal expenditures shall not exceed Federal revenues, except in time of war or grave national emergency declared by the Congress, and to provide for systematic reduction of the public debt; to the Committee on Ways and Means.

By Mr. ST GERMAIN:

H.R. 16430. A bill to establish the National Commission on Electronic Fund Transfers; to the Committee on Banking and Currency.

By Mr. STEELE:

H.R. 16431. A bill to amend section 402 of title 23, United States Code, relating to highway safety programs; to the Committee on Public Works.

By Mr. TIERNAN:

H.R. 16432. A bill to amend the Federal Energy Administration Act of 1974 to provide that the Federal Energy Administration conduct a national media campaign promoting increased residential insulation; to the Committee on Government Operations.

By Mr. TIERNAN (for himself, Ms. ABZUG, Mr. BUCHANAN, Mrs. COLLINS of Illinois, Mr. DERWINSKI, Mr. EILBERG, Mr. FROEHLICH, Mr. HARRINGTON, Mr. MOAKLEY, Mr. PEPPER, Mr. PODELL, Mr. QUIE, Mr. RIEGLE, Mr. RODINO, Mr. ROYBAL, Mrs. SCHROEDER, Mr. STARK, Mr. STOKES, and Mr. SYMINGTON):

H.R. 16433. A bill to direct the National Bureau of Standards to prepare building insulation standards; to the Committee on Science and Astronautics.

By Mrs. SCHROEDER (for herself and Mr. RINALDO):

H. Con. Res. 601. Concurrent resolution to provide for the printing of copies of the Constitution of the United States in Spanish; to the Committee on House Administration.

By Mr. STEELE:

H. Con. Res. 602. Concurrent resolution expressing the sense of the Congress that the President, acting through the U.S. Ambassador to the United Nations Organization, take such steps as may be necessary to place the question of human rights violations in the Soviet-occupied Ukraine on the agenda of the United Nations Organization; to the Committee on Foreign Affairs.

By Mr. BRADEMAS (for himself, Mr. KYROS, Mr. YATRON, Mr. SARBANES, and Mr. BAFALIS):

H. Res. 1319. Resolution expressing the sense of the House regarding the halt of U.S. economic and military assistance to Turkey until all Turkish Armed Forces have been withdrawn from Cyprus; to the Committee on Foreign Affairs.

By Mr. CRONIN:

H. Res. 1320. Resolution expressing the sense of the House of Representatives with respect to suspending assistance to Turkey until it withdraws all of its armed forces from Cyprus; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. FISHER introduced a bill (H.R. 16434) for the relief of Carla K. Finch, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

473. The SPEAKER presented a petition of William Moyer, Pontiac, Ill., relative to redress of grievances; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

NEW HAMPSHIRE'S TUTTLE FARM

HON. NORRIS COTTON

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Tuesday, August 13, 1974

Mr. COTTON. Mr. President, we New Hampshirites take what I consider to be justifiable pride in recognizing in a special way that the basic principles which provided strength for our land in its early days are the same principles which have sustained us through the years and the same principles upon which we must rely to remain strong in the future.

A good example of what I am talking about can be found in my State at the 342-year-old Tuttle farm, apparently the oldest farm in the United States, where today an 11th generation family is proving that quality and "honest salesmanship" are still a fundamental combination for those who would find success in their chosen fields of endeavor.

The Wall Street Journal recently published a front-page article on New Hampshire's Tuttle farm and I ask that it be printed in the RECORD.

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

ONE FAMILY'S FARM—SINCE 1632, A TUTTLE HAS TILLED SAME LAND, ADJUSTING TO CHANGE

(By Liz Roman Gallese)

DOVER, N.H.—Like his great-great-grand-uncle and namesake a century before him, William Penn Tuttle III returned to the family farm only after a fling at life in the big city. He drove a taxi, sold used cars and was a salesman for Campbell Soup Co. in Boston for a year after graduating from Tufts University with a degree in sociology.

"I had never spent time in the city, so it seemed exciting and challenging," says Bill, a 27-year-old bachelor. "But it turned out to be just a bunch of people I couldn't stand." Nor could he stand the city's long theater and restaurant lines and the traffic jams. "It got so I hated getting up in the morning to get where I was going," he says.

So he went home, to the Tuttle family's rolling vegetable farm here on either side of State Highway 16. "I was dumbfounded, absolutely dumbfounded, when he walked in that spring morning," says 53-year-old Hugh Clarke Tuttle, who for years had been heartsick over his son's disinterest in the farm. "I thought he had a tiff with his boss, and for a year I didn't believe he'd stay."

Bill's homecoming means that the Tuttle farm—which dates back to 1632 and is apparently the oldest farm in the U.S. still owned and operated by the same family—will continue at least through the 11th generation.

A NEW ERA

It also signals a new era for the farm. Whereas the entry into commercial farming assured the farm's survival into the 20th Century, Bill is busy building it for the 21st. He's expanding the number of products sold in its retail store, called Tuttle's Red Barn. And he's using sophisticated marketing, advertising and cost-cutting techniques in an effort to increase sales and profit. The farm itself is going through a transition, from sole proprietorship to family corporation.

While its 245 acres are less than the 385-acre national average for farms, sales have more than doubled to more than $200,000 expected this year from $72,000 two years ago. That puts the Tuttle farm in the top 10% of U.S. farms—those with annual sales of more than $40,000 that produce 61% of the nation's food, according to the U.S. Department of Agriculture. (Of the nation's 2.8 million farms, only one million are "commercially productive"; at least one million are small, part-time enterprises with under $2,500 in annual sales, the department says.)

Moreover, the Tuttle farm earlier this year received one of 14 annual Ford Motor Co. "Ford Farm Efficiency Awards." "Hugh Tuttle has an overall high-quality, efficient, well-run operation," says Cliff Ganschow, editor of the "Ford Almanac," an independent publication that makes the selections. "He's representative of a really top food producer, but he's got a perspective that makes him special."

ROOTS IN HISTORY

That perspective is rooted deep in the farm's 342-year history, which dates back almost to the beginning of Colonial times. Its history has closely paralleled that of the nation's farming industry. "For centuries, farms were self-sufficient," says Wayne Rasmussen, Agriculture Department historian. "Horse-drawn farming came in during the Civil War, signaling the beginning of commercial farming, or producing for a market. Machine farming came in after World War II, 1954 being the first year that tractors outstripped horses.

"Those changes prompted the death of most 17th and 18th Century farms, as they were forced to merge to justify the efficient use of improved methods." Since the 1935 high of 6.8 million farms, 20,000 to 30,000 have folded each year.

That the Tuttle farm survived is a testament to its Quaker tradition, its sense of timing, and its people. The Tuttle story, pieced together from historical records, old albums and family memories, began in Bristol, England. King Charles I granted an apprentice barrel maker—John Tuttle, or "Immigrant John," as he's now called—the right to about 20 acres on "Hilton's Point," a nine-year-old settlement between the Cochero and Bellamy Rivers. John emigrated on the ship Angel Gabriel, and like most early settlers, he lived as a subsistence farmer.

Life was difficult. "The new land had everything going for it after crowded 17th-Century England, but only the tough survived," Hugh says. "The climate was poor, the primeval forest thick, the top soil only two to three inches."

CLEARING THE FOREST

Three centuries later, to learn just how difficult, Hugh himself cleared a virgin patch of forest, treated it with lime and manure—and plowed crops under for four years. "I started planting buckwheat, which grows anywhere. But it still took six years before the topsoil built up to the minimum needed. I don't know how my ancestors did it," he says.

By the second or third generation, the Tuttles had become Quakers. That was a key factor in the farm's survival because by Quaker tradition the youngest son inherited the farm, along with the responsibility of feeding old parents, grandparents and maiden aunts. (Older sons got $100 and were told to go seek their fortune.) "The patriarch demanded ironfisted obedience. Thus, as soon

as the youngest was old enough, he damn well knew he'd get the farm," Hugh says.

So stern were they that when Joseph, of the sixth generation, found his daughter with a farmhand, he sentenced her for life to a back bedroom with "passing and repassing privileges." Family members couldn't talk to her; meals were sent up on a tray.

"Captain John," son of the immigrant, first prevented the farm's breakup. An almost legendary figure, he held such town posts as judge, clerk, selectman, treasurer, and captain of the military company in charge of fighting Indians. When his son died at age 26, he demanded that the farm go to his grandson, rather than to the offspring of the man his son's widow had remarried.

Very little is known about the 18th Century Tuttles. Town records were destroyed at least three times by fire. And early graves were unmarked for fear that Indians would see how depleted were the settlers' numbers or that they would rob treasures and scalps. It's known that Eliah, of the fourth generation, replaced the old log cabin in the late 1700s with a fine white house, occupied today by Hugh's father. It's suspected that the Tuttles were either rebels or pacificists (in line with Quaker tradition) during the American Revolution.

In the 19th Century, Joseph's eldest son, William Penn Tuttle (the current Bill's namesake and now referred to as "Uncle William"), was an eccentric innovator, or a "man ahead of his time," as the Tuttles now say. He left the farm at 21, spent 30 years in the sawmill business in Milton, N.H., and spent whatever money he made. After the death of his younger brother in 1874, he returned to the farm, anxious to test some far-fetched ideas.

He built the first greenhouses in the county, possibly introduced the horse-drawn plow, and began selling a few surplus items to passersby. Just to prove he could do it, he grew crops considered exotic at the time—grapes, horseradish, potatoes and cranberries. "People came for miles to see them," Hugh says. "He had to dump the grapes, but he picked them just to see how many he could grow."

"THEE GO AHEAD"

Such ventures were hardly profitable. By the time he died in 1911, Uncle William had expended three wives' dowries, driven the farm into disrepair and nearly outlived his younger brother's son, to whom he wanted the farm returned. But in 1909 when his 18-year-old grandnephew, William Penn Tuttle II (called "Penn"), approached him with the idea of selling the farm's produce to independent grocers, Uncle William spotted the novelty and chuckled. "Thee go ahead and see what thee can do," he said.

That first season Penn did $700 of wholesale business, ushering in the farm's new commercial era. A consummate businessman, he kept accurate records and had one of the first telephones in the area installed to sell products. He hauled them personally at first by wagon and later in one of the first farm trucks in the area. He believed strongly in standing behind only the finest products. "The secret is honest salesmanship," he wrote in a family album. "I charge fancy prices, but customers gladly pay for my service."

As his business expanded to surrounding towns, Penn expanded the farm, adding about 100 acres, a new barn, a new house and two greenhouses. By 1930 he was growing 25 vegetable varieties on 20 tillable acres.

By the 1950s, however, the Tuttle farm was being hurt by the spread of supermarkets, which were unwilling to pay top dollar for superior produce. But rather than fold, it began in 1956 to sell directly to consumers. "It was a desperation move," says Hugh, who by then had taken over from his father. "We had to jump someway, and a roadside stand seemed logical because we had built up a clientele."

To make it work, Hugh hired an experienced manager to advise him on price markups, display of products and the handling of customers. He bought an adjoining 39-acre farm, adding 10 tillable acres to his land. His wife, Joan, tended the store. And they managed to eke out a modest living. Sales from the stand totaled $50,000 between 1956 and 1969.

A BREAK IN TRADITION

That it survived is a tribute to Hugh, Penn's second son. (His eldest died in an accident; his youngest is a prep-school administrator. The Quaker tradition of the youngest son's inheriting the farm broke with Penn, who was the older of two sons.) From the beginning, Hugh wanted to be a farmer. "A great uncle asked me when I was five where I'd be going to school. I said I wouldn't be going, that I would become a farmer," he recalls.

Hugh's mother, an educated woman from Brookline, Mass., encouraged his older brother to attend Harvard. Hugh followed, but left after three years, in 1943, to return to the farm. Tall, well-built and ruddy, Hugh is a man in love with the soil. "My soul is at ease—I have no trouble sleeping, I'm home with my family, I commute only 100 yards. I die a little in the fall when my plants die, but I'm reborn each spring."

In some ways, he's downright old-fashioned. He introduced irrigation only after he was forced to draw water from town hydrants during a disastrous drought in 1953. (The farm now has four ponds.) "Until then we thought irrigation was merely drought insurance. Now we see it as a production tool," he says.

Likewise, he didn't bring in tractors until he expanded the farm in the 1950s. "My father and I both loved working with horses," he says. "We felt that tractors posed serious problems in New England—they go so fast it's hard to spot rocks, for one."

(Hugh isn't adverse to some change. He experiments with plant varieties, having added Danish lettuce, seedless cucumbers and other items to his line, and he donated his $2,000 Ford award to the state university for greenhouse vegetable research. He's also a community activist, having spent years in state agricultural organizations and in local and state politics. He's currently a bank trustee and director of the largest utility in the state.)

Hugh couldn't have been more overjoyed by his son's homecoming. For years he has forgone capital improvements, convinced that the farm would finally die. "I couldn't see a small New Hampshire farm bucking the trend nor did I want to pass on a dead horse to my son," he says.

Today, Tuttle's farm is anything but dead. Its 60 tillable acres include 20 acres of corn, five acres of beans, four acres of peas, two acres of strawberries, 2½ acres of tomatoes, 1½ acres of lettuce, and smaller quantities of 69 other vegetables. Fourteen field hands work six months a year, planting every week from April to July, harvesting from May through October. Nine salespeople man the Red Barn six days a week, setting out just-washed produce in wooden bins, distinguishing Tuttle products with signs that say "Our Own." More than 500 customers stop by the store each day; on peak weekends as many as 1,500 come.

While incorporating the old Tuttle philosophy of selling only the finest produce at higher prices, Bill has expanded it in the past two years. Aiming to build a complete produce center, he began buying supplementary fruits and vegetables directly from the New England Produce Center near Boston, to which he personally drives 60 miles three mornings a week to start shopping at 5 a.m. Those items accounted for 17% of last year's $122,000 gross and will make up an even bigger percentage this year.

Father and son are expanding in other ways: They've added a cooler and two green houses and have expanded the stand and parking lot. Next year they'll begin planting on five rented acres. Tuttle's advertising budget has jumped to $4,000 for thrice-weekly ads in local papers, up from once every two weeks. Merchandising techniques now include putting corn near the back so that customers have to pass by other vegetables, giving away samples of fried eggplant and stocking collard greens to attract Southerners from a nearby Air Force base. On tap for the future may be an expanded houseplant business, a "pick-your-own-strawberries" operation, and a line of homemade baked goods.

THE CATTLE LOSE OUT

Such expansion spells death for certain farm operations, such as its small herd of Angus cattle. "I always thought a farm should have some animals to look like a farm, but they aren't economically feasible anymore," Hugh says. The family also abhors the Red Barn's three checkout counters and cash registers, which cut down the store's former personal touch ambience. "It's becoming a super tourist attraction," mourns Hugh's 22-year-old daughter Becky. Over Bill's protest, she persuaded her father not to buy corn when Tuttle's isn't available. "It's terrible—and would downgrade ours," she says.

Expanded operations also mean more problems. Increasingly, Hugh has had to contend with more and more government regulations. One proposed federal rule, defeated last year after farm groups lobbied against it, would have required that he post a sign each time he sprayed his fields with pesticides. "That would have meant 696 signs and, by town law, a permit for each one," he shudders. A new law that required a minimum wage for farm workers will force up prices within four years, Hugh says.

Yet the farm is going forward. While it comfortably feeds one family now—Hugh's annual profit is about $15,000 to $20,000—he hopes it will soon feed two and possibly three future families: Bill's and Becky's, as Hugh feels she'll settle here, and maybe even Lucy's. His 29-year-old daughter is coming home this month to take agricultural courses at the University of New Hampshire after teaching in Paris for seven years. He has no intention of dividing the farm among his children. "This farm must be operated as a whole to survive economically," Hugh says. "If it were split, it would die."

COST-OF-LIVING ADJUSTMENT ACT

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. COUGHLIN. Mr. Speaker, there is perhaps no more troublesome problem contronting the Nation today than inflation. Inflation works insidiously to erode the purchasing power of the American worker's paycheck, depriving him and his family of the hard-earned fruits of his labor and real economic gain. Unfortunately, the roots of this problem are complex and it will take a long time to bring inflation under control.

However, the dilemma of inflation is neither so intractable nor so hopeless that Congress should wait it out on the sidelines. In addition to the obvious necessity of holding down Government spending, there are prudent steps which

can be taken now to ease the burden of the soaring cost of living on the beleaguered taxpayer.

I am introducing today legislation which I believe will go a long way toward providing the taxpayer with not only the tax relief he desperately needs but also the equitable treatment to which he is entitled. This bill, the Cost-of-Living Adjustment Act, is based on the "indexing" concept and would require automatic annual adjustments in the income tax rates, the amount of standard deduction, personal exemption, corporate surtax exemption, depreciation, capital gains, interest on certain United States obligations, and their redemption value to reflect changes in the cost of living as measured by the consumer price index. While not a panacea for inflation, this legislation would eliminate much of the inequity of our present tax system caused by inflation.

I am pleased to be joined in sponsoring this bill by Congressmen SAMUEL L. DEVINE and PHILIP M. CRANE, both of whom have introduced this measure previously in the House, and LUCIEN N. NEDZI, ROBERT O. TIERNAN, and WALTER FLOWERS as well as 22 cosponsors of both parties who reflect a wide diversity of political viewpoints. I believe the broad bipartisan support for this proposal is testimony to its fundamental equity and good sense. The same measure has been introduced in the Senate by Senator JAMES L. BUCKLEY and is attracting bipartisan support in that body.

Indexing is not a new concept. This legislation amounts to a broader application of the existing policy of automatically escalating Civil Service and military retirement and, most recently, social security payments to keep pace with changes in the cost of living. The indexing concept has been applied more extensively abroad. Last year Canada adopted a system which ties tax liability to price increases and Brazil is experimenting with a broad indexing system which encompasses wages.

In the United States, the Consumer Price Index has risen by 50 percent in the last 10 years. Inflation has increased by 10 percent in the last year alone and recent predictions are that it will rise even faster in the months ahead. While it is clear that inflated prices hit the American consumer hard, it is less immediately apparent that the Federal Government actually reaps an inflationary advantage owing to the present progressive tax structure. Spiraling wages edge the American taxpayer into higher and higher tax brackets so that he is forced to pay a steadily greater effective tax although his actual purchasing power may stay the same or decline. The result is a windfall to the Federal Treasury.

The following example illustrates the point: a family whose income was $10,000 20 years ago would need to have an income of nearly $20,000 today just to maintain purchasing power at a constant level. Yet, at $20,000, a higher rate of taxation is paid than at $10,000 with the result that the taxpayer is worse off in real terms and the Federal Government has received added income. If inflation rises by x percent, tax revenues flowing to the Treasury rise by something more than x percent.

I do not believe this "hidden tax" was ever intended and it is time to eliminate it by taxing real income instead of inflated dollar income. Since the basic tax rate tables last underwent general revision in 1964, the equitable approach would be to make cost-of-living adjustments in the tax rates retroactive to that date so that the tables would reflect immediately the substantial increase in the consumer price index over the last 10 years. Although the idea is appealing and theoretically sound, it would cost the Treasury in excess of $50 billion in lost revenue. Prospective automatic annual cost-of-living adjustments in the tax rates would therefore appear to be the only feasible approach.

Each year numerous bills are introduced in the Congress to increase the standard deduction and personal exemption in recognition of the continuous erosion of their value due to inflation. A standard deduction and personal exemption which do not accurately reflect increases in the cost of living result in an increasingly larger taxable personal income as wages go up, although real income may not rise at all. The Cost-of-Living Adjustment Act would eliminate the need to review these items by adjusting the standard deduction and personal exemption automatically to reflect yearly increases in the consumer price index. For example, if the CPI were to increase by 10 percent in 1974, the current personal exemption of $750 would automatically increase to $825 for taxes paid on income earned this year. Similarly, the present standard deduction of $2,000 would be raised to $2,200 under these conditions.

Under this proposed legislation, the indexing tool would be applied, in addition, to a number of other key elements of the Tax Code. Like individuals, corporations are subject to the "hidden tax" arising from inflation. Businesses forced to compute depreciation allowances on the basis of past expenses without reference to the impact of inflation on replacement costs pay a greater tax than if their depreciation were to be measured in real terms.

Under the Cost-of-Living Adjustment Act, allowances for depreciable assets would be adjusted automatically to reflect increases in the CPI in order to determine realistic deductions for depreciation. The existing $25,00 corporate surtax exemption would likewise be increased automatically on the basis of changes in the CPI. In addition, the cost basis of an asset would be adjusted automatically to reflect changes in the purchasing power of the dollar so that individuals would pay capital gains tax only on real gains rather than illusory dollar gains owing to inflation.

In its borrowing operations as well, the Federal Government reaps a huge advantage by paying a rate of interest on its obligations which is less than the rate of inflation. The result is that the investor is denied a real return on his investment which itself is worth only a fraction of its initial value at maturity. The Cost-of-Living Adjustment Act would provide for indexing of the Government's future borrowing operations by adjusting automatically the rate of interest on U.S. savings bonds and certificates annually to reflect CPI increases and by raising their redemption value by the same ratio. These adjustments would apply to all other U.S. obligations having a maturity of 1 year or more, thus making them not only a safe investment but a profitable one as well.

Mr. Speaker, the Wall Street Journal discussed this proposal and expressed a favorable view of it in an editorial which was published on April 6, 1974. I ask that it be printed in the RECORD at this point.

[From the Wall Street Journal, May 6, 1974]

DE-INDEXING THE GOVERNMENT

As the nation anguishes over double-digit inflation rates, there is naturally a hue and cry for the government to do something about it. As much as the politicians would like to respond, there is a serious barrier, the government itself. That is, the government has built-in incentives to inflate, almost invisible incentives that silently overwhelm whatever good intentions the politicians might have.

In a way, government revenues are tied to the Consumer Price Index. The Treasury is on an escalator, not only compensated for any losses incurred through inflation, but rewarded by it. Milton Friedman has drawn quite a bit of fire for his proposal for Brazilian-type indexing, which would give everyone in the nation salary increases as the Consumer Price Index rose. But it has nearly escaped attention that, to an extent unique in American society, the federal government's income is already indexed.

With progressive taxes, for example, the faster the rate of inflation the faster taxpayers are pushed into higher tax brackets. The higher rate applies not only to gains in real income but to gains that merely represent inflation, and thus the real rate of taxation constantly rises as inflation proceeds. Similarly, the capital gains tax cuts into real capital by taxing inflation-caused gains. The government's debt manages to draw a subsidy from those who hold it. And with this inflation-caused revenue pouring into federal coffers, the politicians have more dollars to pass out in government goodies or tax "cuts." Nobody pays much attention to this rather diabolical taxing system when the annual rate of inflation is 2% or 3%. But at current inflation rates, it becomes painfully obvious that the government has all the cards stacked in its favor.

At a 10% annual inflation rate, for example, the wage earner whose gross income is $15,000 today will rapidly be pushed into higher and higher tax brackets even though his real gross income remains unchanged. At that rate, in 20 years his annual salary, if his increases merely offset inflation, would be $103,210, which puts him in the 70% tax bracket.

Similarly, a couple that buys a house today for $15,000 would, at a 10% annual inflation rate, need to sell it for $103,210 to recoup the original real investment after 20 years. At this point they would owe the government tax on a "capital gain" of $88,210. The same occurs with a share of stock.

Historically, the government has also done wonderfully by borrowing from the public. The money you get back from savings bonds purchased in 1945 will buy a third as much now as then. At the current inflation rate, holders of Treasury securities are losing interest and capital. Only the government gains.

All of this makes life wonderful for politicians, in ways that even they may not entirely recognize. Every few years, for ex-

ample, they get to "increase" Social Security benefits, reaping political mileage from their munificence. Also, they can "cut" taxes, and extract political mileage from that. Some congressional liberals are right now proposing to increase the personal exemption to $850 from $750. Whatever one thinks of the timing of this in terms of economic management, it is a very small bone indeed from the public sector to those it has been systematically robbing.

Senator James Buckley has introduced legislation that would take the government off this escalator, ending the charade once and for all. His proposal, leaning in part on Mr. Friedman's indexing but also supported by Senators Proxmire and McGovern, would tie to the CPI federal tax brackets, personal exemptions, asset depreciation and capital gains, and new issues of Treasury securities.

By automatically adjusting all these items to compensate for inflation, the government would forego its inflation dividend. Its income would rise only as the nation's real income rises. No longer would all the goodies that pour from the Capitol's cornucopia be financed by a perpetual tax increase most Americans are not even aware of. If Congress wanted to spend more, it would have to come out in the open and ask that taxes be boosted.

If the government were kicked off its escalator, "de-indexed," the rest of the economy would not have to be indexed as Mr. Friedman suggested. Once the government is no longer rewarded by inflation, but is stung like everyone else, we can be confident that the politicians will have every incentive to wring inflation out of the economy.

THE CONNECTICUT INTERN PROGRAM

HON. LOWELL P. WEICKER, JR.

OF CONNECTICUT

IN THE SENATE OF THE UNITED STATES

Tuesday, August 13, 1974

Mr. WEICKER. Mr. President, this is the fourth consecutive year that I, along with Congressman STEWART MCKINNEY, Congressman ROBERT STEELE, and Congressman RON SARASIN, have sponsored a unique intern program for young people from the State of Connecticut. Throughout this 4-year span, 1,200 high school-aged students have had the opportunity to come to Washington to view all aspects of their Government firsthand. This summer's 5-week program has come to a conclusion and I asked each of the students to write a brief essay on their experiences. I have read these essays and chosen one that demonstrates a firm grasp of the workings—both good and bad—of our system of government.

Mr. President, I ask unanimous consent that this essay be printed in the Extensions of Remarks.

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

WASHINGTON: A LEARNING EXPERIENCE

(By Susan E. Zadravetz of Fairfield, Conn.)

The opportunity to visit Washington, D.C. under the Connecticut Intern Program was a learning experience. It provided me with a chance to meet many different people my age who are concerned about the makings of our nation. It also gave me a new and better understanding on the functions of the government.

The program offered the chance to visit many important and interesting places in a great city. Although it was impossible to see everything, the program was well-balanced. It was not only enjoyable but educational. The group of interns could not have been topped.

The speakers that were scheduled provided a wide range of issues to be discussed. By listening to the voice of experience, it has taught me the real feelings and priorities that are held by these important people, especially by influential government leaders.

The feelings expressed are those of concern for the future of America. As the system works, people elect leaders. A leader is one who personifiies institutions, causes administrative processes to function and is the symbol of national goals and ideals. Americans have highly symbolized the expectations of their leader. He affects their images of authority, legitimacy, leadership and concerns.

He is invested with power, the power that comes from the democratic society. Power can be used or abused. If used properly, success and prosperity prevail. However, the abuse of power can explode our national and political life and will explode fraudulent perception of American realities.

Today we are faced with the corruption of Watergate, the anguish of a constitutional crisis which focuses on the nature and power of the presidency in an imperial democracy. The abuse of power has led to an erosion of authority producing a lack of confidence in the power of the President.

This corruption is due to the lack of responsibility among the leader and those governed. The society of today has different values and the principles of freedom are no longer considered in American life. A moralistic society has been replaced with a materialistic one.

However, recently there has been a greater awareness, a greater concern for the need for reorganization. If the American people want a renewal they will have to sacrifice and change their ways from selfishness and isolation to concern and involvement. Once they are involved they shall truly know the man they should support and elect as a leader; a man with the qualities not only of leadership but trustworthiness, sincerity and the ability to be human.

In order that this goal be accomplished the American society must unite and work together. Then only after this revision can we be able to see democracy becoming reality again.

As a concerned young American, I willingly involve myself in that which affects me now and in the future. I also believe in the intelligence and human values that still remain in the minds and hearts of the American people.

Only by this program have I come to realize the tremendous importance of each person's place in the world and how we can build a truly great country.

The program has had great beginnings, and I hope that others will have the opportunity to experience this in the future.

PRESIDENT FORD SETS OUR GOALS

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. YOUNG of Florida. Mr. Speaker, last night we assembled in this Chamber to hear our former colleague, now President of the United States, Gerald R. Ford accept the challenge of his new responsibilities, and in turn, challenge us to work with him to fight inflation and keep America the strongest Nation in the world.

President Ford said, quite accurately, that we have a lot of work to do, and that our first priority must be to stop our raging inflation. He said that we must have a balanced budget, and that we must cut Federal spending. Since these are goals which I have long advocated as a primary means of fighting inflation, I look forward to working with our President for a greater fiscal responsibility on the part of the Congress and the administration.

The President also issued a verbal invitation to Members of Congress, Senate leaders, and top business and labor officials to participate in a "domestic summit" on the economy. He personally will preside over this effort to map out a concerted attack on the causes of inflation. As one who had introduced a resolution in the House calling for such a summit, I am delighted that President Ford has acted so swiftly and with the weight of his office behind the offer. We urgently need a coherent and coordinated plan for dealing with the economy, and we need it now. Every week of delay is another week that Americans must suffer ever-increasing prices.

Plain speaking, honesty, and a balance between cooperation and compromise have always been President Ford's hallmark. Last night, he displayed these characteristics to us once again, and to the expectant Nation. He made it clear that America will continue to work for peace from a position of strength, and that he personally will lead the drive to deal with our most troublesome domestic problem.

Mr. Speaker, President Ford has said to us that, with the grace of God and the backing of all Americans, it is time to roll up our sleeves and get down to work. I hope my colleagues share my own willingness and enthusiasm for this effort. As the President said, "Let's get on with it."

PROCLAMATION

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. DERWINSKI. Mr. Speaker, one of the memberships which I cherish the most is that of the brotherhood of Alpha Delta Gamma National Fraternity. This year marks the 50th Anniversary of the founding of that fraternity.

This golden anniversary celebration is being coordinated by the Alpha chapter at Loyal University, my alma mater.

I insert at this point the official proclamation by the national president, Benjamin Aranda III, which briefly restates the history and accomplishments of the fraternity that has so inspired its members to pursue its ideals not only during their school days but in whatever walk of life that they follow.

The proclamation follows:

PROCLAMATION

Whereas, eight men banded together for the first time on October 10, 1924, to form a new Fraternity Order founded upon the highest of Christian ideals of true manhood and sound learning and fired by the unity of fraternal brotherhood; and

Whereas, Alpha Delta Gamma has, since its foundation taught its sons to be responsive, authentic and real in the world in which they live so that each might become an example to one another and "to the world of men around us" of our sacred ideals; and

Whereas, the year one thousand nine hundred and seventy-four represents the fiftieth year of our Order which has grown to over seven thousand men on twenty college campus because of the love and dedication given freely by our Founding Fathers at Alpha Chapter, by the founding fathers of each new active chapter, by the numerous past National Officers of our Fraternity, and by the countless individual brothers; and

Whereas, the Golden Anniversary year is an appropriate occasion to pause and render the Fraternity's thanks to these men whose idealism has made it grow and flourish

Now therefore be it resolved that the year one thousand nine hundred seventy-four be hereby declared the Golden Anniversary year of Alpha Delta Gamma National Fraternity and that said Order meet in National Convention assembled in Chicago, Illinois, the City of its birth, August 21–24, 1974, to honor its past leaders and to enjoy the fellowship of each and every member of the Fraternity who can possibly attend and to join in one family in the celebration of our Fraternity's Golden Anniversary.

COMMUNISTS HOLD OLD BATTLEFIELDS

HON. ROBERT PRICE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. PRICE of Texas. Mr. Speaker, having read the following article appearing in the Washington Post which I include at this time, I must ask—is this peace with honor?

[From The Washington Post, Aug. 6, 1974]

GIs' VIETNAM TERRAIN ABANDONED—COMMUNISTS HOLD OLD BATTLEFIELDS

SAIGON, Aug. 5.—Two years after American troops stopped fighting major battles in the Vietnam war, almost all their famous battlefields are in the hands of the Communists.

Hamburger Hill at the edge of the Ashau Valley, where one officer ordered 12 charges up the slopes for a "gallant victory," lies far behind Communist lines.

Khesanh is a North Vietnamese airfield and missile ground. Conthien is a Vietcong political stronghold.

U.S. commanders during the Vietnam war turned out to be mistaken in their belief that the Communists never fought to hold land. Today, the Communists control more land than they did in 1965 when the Marines landed at Danang.

Only one of the famous American battlefields of Vietnam, a coastal enclave around Chulai Base, 335 miles north of Saigon, can be visited by Westerners today, but it is surrounded on three sides by the Vietcong.

American troops entered the "Iron Triangle" Communist stronghold 15 miles north of Saigon in 1967 for a highly publicized victory, but now the area is dominated by the Communists again.

War Zone C, 60 miles northwest of Saigon and the target for operation Junction City in 1967—another "victory" which claimed 282 American lives—today is a major North Vietnamese army recreation and rest area.

The first American battlefield stand was made by the 1st Cavalry Division in the Iadrang Valley of the Central Highlands, 280 miles north of Saigon, against the best of the North Vietnamese army in November 1965.

The Americans claimed victory but the valley today is firmly under control of North Vietnamese forces.

The last American stand came in the summer of 1972 at Artillery Base Pace, 75 miles northwest of Saigon. It also lies deep behind Communist lines now. The Vietcong's de facto capital, Locninh, is close by.

In 1967, U.S. paratroopers fought their way up Dakto Hill, losing 325 men.

The troops ate hot Thanksgiving meals that November even as the battle raged, but the Communists eventually won the hill and control it today.

THE SECRET HISTORY OF THE BIRTH OF THE NATION

HON. GEORGE A. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. GOODLING. Mr. Speaker, it gives me great pride to reflect on the realization that this great country of ours had its birth in my congressional district. The birthdate was November 15, 1777, and the place was York, Pa.

This fact is little known, but the records of history provide convincing evidence that this is so. Just recently J. F. Rauhauser, Jr., Esquire, of York, Pa., wrote an article titled "The Secret History of the Birth of the Nation," which reveals the circumstances that attended this great event. Mr. Rauhauser prepared this article in conjunction with his position as president of the York County Bicentennial Commission, Inc., in York, Pa.

Throughout America efforts are going forward to prepare for our Bicentennial celebration in 1976. Toward the end of joining in this effort, I am inserting into the CONGRESSIONAL RECORD Mr. Rauhauser's article, and I commend it to the attention of my colleagues. They will, I feel confident, be impressed with this documentation of the truth that York, Pa., is the real birthplace of the United States of America.

The article follows:

THE SECRET HISTORY OF THE BIRTH OF THE NATION

The facts are unassailable and the law irrefutable.

In fact, and by law, The United States of America was created—born, if you will—on November 15, 1777, in Yorktown, Pennsylvania.

Not in Boston; nor even in Philadelphia.

Not on July 4, 1776 by the Declaration of Independence; nor yet by the Constitutional Convention on September 17, 1787.

But instead, The United States of America first came into being, as a sovereign independent nation, by action of the Continental Congress, duly convened in the colony of Pennsylvania, and in the town of York, which thus became the nation's first capital.

It happened this way.

Representatives of the thirteen colonies, sitting as the Second Continental Congress in Philadelphia, received news that a great force under British General Howe was approaching that city. Bundling their public papers into guarded wagons, the representatives agreed, on September 18, 1776, to move to the town of Lancaster just east of the Susquehanna River. A brief entry in the Journals of the Continental Congress indicates some members of Congress did stop in Lancaster on September 27, but it was then quickly decided "to repair to the town of York, in Pennsylvania," thus affording to the Congress the added protection of the broad expanses of that river. Congress thereafter convened in York from September 30, 1777 until June 1778, when it returned to Philadelphia, only then evacuated by the British.

Among the Resolutions adopted by the Congress on July 2, 1776, before it left Philadelphia, was one which proposed that a plan for the permanent binding together or confederation of the 13 newly independent colonies should be prepared. John Dickinson of Pennsylvania, as Chairman, and delegates from each of the other colonies served on the committee to carry out this resolve. A draft of the Articles of Confederation was shortly submitted to the delegates, but only limited consideration was given to the matter until it was taken up in almost daily debate after the Congress convened in York.

Then it was, on November 15, 1777 that the Articles of Confederation were officially adopted. Then it was that the participating colonies agreed ". . . hereby severally (to) enter into a firm league of friendship with each other, for . . . common defense, the security of . . . liberty and . . . mutual and general welfare. . . ."

By Article I it was established that "The stile of this confederacy shall be 'The United States of America'."

Until that moment The United States of America did not exist.

True it is that the 13 colonies declared their separate independence from Great Britain on July 2, 1776 in Philadelphia, but in that same Declaration of Independence they solemnly declared themselves to be "free and independent states" with the right retained by each to do "all acts and things which independent states may of right do." That Declaration did not create a union of any sort. It created 13 independent states.

True it is that each independent state or colony thereafter had to ratify the act of its authorized delegates in the adoption of the Articles of Confederation, but, by definition, the term ratification gives assent as of the time of the original event. The original event was the adoption of the Articles on November 15, 1777, in York, Pennsylvania, which created The United States of America.

True it is, also, that the present Constitution of the United States of America was adopted in Philadelphia on September 17, 1787, but its preamble states the purpose for its adoption to have been "to form a more perfect union," or, in other words, to improve on the union that theretofore existed.

In brief, The United States of America was officially created on November 15, 1777 and thereafter, upon ratification, operated throughout the American Revolution under the Articles as its First Constitution. The experience gained under the first charter dictated the necessity of having a government with more centralized power. And although the delegates met in Philadelphia for the avowed purpose of improving, by amendment, The Articles of Confederation, they did in fact adopt an entirely new and second Constitution.

It is perhaps a little known, infrequently told, almost secret history. But it is true,—in fact and in law.

It happened in Pennsylvania.

In the Capital City of Yorktown.

On November 15, 1777.

Then and there The United States of America was born.

BANKS: DANGERS OF "RECKLESS" GROWTH

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BINGHAM. Mr. Speaker, George A. Mooney, chairman of the Washington Heights Federal Savings and Loan Association and a former New York State superintendent of banks, recently called attention to the dangers of reckless growth in the banking industry.

Mr. Mooney points out that one of the tenets of the mutual thrift industry has been measured but consistent growth; and that if pressures for rapid growth, such as those that led to the debacle at Franklin National, are brought to bear on savings and loan institutions, a similar tragedy could result.

For the benefit of my colleagues, and other readers of the RECORD, I include herewith Mr. Mooney's letter to the editor which appeared in the July 24 edition of the New York Times:

BANKS: THE DANGERS OF "RECKLESS" GROWTH

NEW YORK, *July 13, 1974.*

TO THE EDITOR: We agree with your recent editorial "Drowsy Watchmen." It is a serious indictment of the structure and supervision of the structure and supervision of our financial institutions that the developing problems of Franklin National Bank were not resolved before the institution reached its present extreme circumstances.

As a former New York State Superintendent of Banks, I can attest to the extreme difficulties faced by regulatory agencies when an institution shows signs of weakness. Such a situation presents classic Hobson's-like choices where the banking authorities are expected to intervene to correct inadequate management, yet risk making the bank's problems worse by the act of intervening. All the more reason, therefore, why we should be ever watchful that the structure of financial institutions, as well as the response of the regulators, operate to insure stability and conservative management.

The Franklin case dramatizes recent drastic changes in the banking industry, perhaps without adequate consideration of possible consequences. For example, has not the bank holding company form of organization, which Franklin adopted, encouraged commercial banks recklessly to expand and diversify their activities beyond their traditional area of competence?

The holding company concept undoubtedly enabled Franklin to mushroom, but in the process sound management was sacrificed. Regulatory agencies should reverse this trend before the entire banking system is permanently weakened, and encourage the return of commercial banking to serving the financial needs of business.

Along these lines, and of direct interest to us in the mutual thrift industry (savings banks and savings and loan associations), is the issue of converting mutual (depositor-owned) thrift institutions into stockholder-owned organizations. Federal policymakers are leaning strongly toward legalizing such conversions on the theory that the stockholder form of ownership will make it easier for thrift institutions to grow rapidly.

One of the principal causes of the Franklin debacle was its "frantic race for growth." It would be tragic to subject the thrift industry to stockholder pressure for growth and increased profits.

Regulatory bodies should encourage commercial banks to lend to business and the mutual thrift industry should continue meeting the nation's housing needs. Financial institutions should not engage in speculative and risky enterprises in the name of growth.

GEORGE A. MOONEY.

FRANKFORT WEDS OLD AND NEW

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. O'BRIEN. Mr. Speaker, Frankfort, Ill., is a picturesque community in my district where each summer, the 2,300 residents hold a gala homecoming celebration.

Although not indigenous to Illinois, the annual homecoming is a popular event throughout the State. It is a time when old and new residents get together for a grand scale reunion, a time for renewing old friendships and making new ones. These events serve another purpose too. They provide a good time and help raise money for civic projects.

Each town celebrates its homecoming a little differently, but one characteristic is common to all. Every homecoming is a time for reflecting on a town's history and looking forward to its future. In Frankfort, the two are closely intertwined.

The township lies on the border of Cook County and is often termed the summit of this part of Illinois. It was once said to be the highest point between Chicago and the Mississippi River.

The first white man to tread the virgin prairie there was William Rice in 1828. Three years later he returned with three fellow pioneers to found the first permanent settlement. They were soon forced to flee the region when Black Hawk and his warriors took to the warpath. At the close of the Indian uprising, Rice returned with one of his original companions, John McCovney and set about the task of settling the rich farm land.

The population of the region grew steadily and in 1855 the village of Frankfort was laid out by S. W. Bowen about 12 miles from Joliet. This was the same year the Michigan Central Railroad built a cutoff through the township giving the village new status as a grain shipping center. Enterprising citizens opened new stores and soon schools and churches were built to accommodate the growing population.

Over the years, Frankfort has succeeded in wedding the best of its old traditions with new ones. Rustic shops and homes have been maintained and restored within the village along with smart new stores. Around the village proper, tastefully designed modern developments rise out of waving fields of grain.

Today when so many communities in our Nation are suffering from too much or too little development, Frankfort stands as a showcase where tradition and progress blend perfectly. This success would not have been possible were it not for the people of Frankfort who have proven time and again that they have the unusual ability to look forward without losing sight of their rich past.

I am sure that when the homecoming is held next month it will be a great success, thanks to their efforts and I want to take this opportunity to congratulate the citizens of Frankfort for the hard work they have put in to make it possible.

OWEN COUNTY, IND., RESIDENTS PETITION NATION'S LEADERS

HON. JOHN T. MYERS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. MYERS. Mr. Speaker, I hear almost daily from persons who express a sense of frustration over actions taken by their Government. There is a feeling among many that Washington is out of touch with the people. I call your attention today to a letter directed to the House of Representatives and signed by nearly 1,800 readers of the "Owen Valley Eagle", a newspaper published in Owen County, Ind. Richard Whitaker, editor, forwarded the signed letters to me with the hope that all Members of the House will take note of their sense of frustration.

LETTER TO THE U.S. HOUSE OF REPRESENTATIVES

The goal is 5,000 signatures on this letter by July 27, 1974 so you can express the feeling of many in Owen County to the House of Representatives. It is not in the category of doomsayers or disciples of despair that we write you. It is a genuine concern and worry that any average American citizen has for his country.

More than half of the American citizens have an intelligence quotient equal, or superior to anyone in Washington.

Patriotism is not dead in the majority of American citizens. It is the leaders of this nation, dealing a cold deck of deceit, graft and apathy, which the Americans are not buying.

Support the president signs are everywhere. He has had the support of the American people as have the other leaders of this nation. It is now time for the president, the supreme court, the senators and representatives of congress to start supporting and backing the American citizens who want a sound and stable government.

The simple truths and raw reality confronting this nation must be faced squarely or the consequences of unbelievable magnitude will engulf this country completely.

Inflation is running rampant and if not checked will lead to depression, then chaos, then destruction. A mentally weak and starving nation has no bond, this the communists know, they are waiting.

The Communist Movement is thriving, infiltrating our government ready to pounce at the first moment of opportunity. Through lack of leadership we have lost two wars to the communists and blundered every deal ever conducted with them.

The Supreme court took prayers out of the schools. Prayers have now been replaced with drugs and the leaders of this nation condone and tolerate it or action would be taken.

Drugs which are mushrooming to the point of no return must stop before the youth of the nation are swallowed up, into a mass of senseless humanity. The morals and ethics in which this country has followed for years will be lost in oblivion. A demoralized nation will not fight, we must be prepared, Physically and mentally. A nation not willing to

fight for freedom has little time left to enjoy freedom. The balance between freedom and slavery is juggled by the majority of the 535 leaders of this government who are seeking personal gain and false prestige.

The shaky leadership can be noted with the results of the primary election this year, justifying the lost confidence the American people have.

Too long the leaders of this nation have toyed with destiny, endangering our heritage, traditions, principles, and our very freedom. Greed and corruption must now be replaced with honesty and logic, Patriotism again restored.

Mr. Politician, the American citizen not only gave you his vote but entrusted unto you their faith, hope, future, and even their very life. You are making a mockery of this sacred trust.

Mr. Politician, your debt is not only to the present and future, but to the brave men whose blood and bodies fill the soil and seas on a thousand different battle sites throughout the world. These men bought our freedom and the obligations to them must never be forgotten. You have failed them as a common traitor.

Shape up Mr. Politician and stop horsing around with my country.

NATIONAL HEALTH INSURANCE

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. LEHMAN. Mr. Speaker, among the problems and complexities of a national health program, there is one aspect on which we must never fail to concentrate—the quality of care to be provided. The Ways and Means Committee, as it considers the vital national health insurance legislative program, will have to include safeguards to assure that minimal health care standards are met, and that the health insurance premiums our citizens pay do not go for inadequate services.

At present, there is apparently a lack of attention to the protection of the rights of patients, especially those in long-term care facilities. H.R. 11871, legislation which I have sponsored to provide a nursing home patient's bill of rights, recognizes that quality care, particularly in long-term care facilities, encompasses a basic understanding of and respect for the patient as an individual and a citizen. The measure mandates a bill of rights for patients in institutions and instructs nursing and convalescent homes to implement this bill of rights by appropriate staff training.

This bill of rights guarantees the patient's basic rights to exercise his civil and religious liberties; to be fully informed of his medical condition; to participate in the planning of all medical treatment; to receive fair, courteous, and adequate medical care; to be free from mental or physical abuse; to have private and unrestricted communication with any person; and to present grievances to the facility or government officials without fear of reprisal.

It is imperative that Congress be responsible for the protection of basic human rights in any health insurance program it adopts. This instrument must be an integral part of the standards of any health facility receiving continuing Federal assistance.

This portion of national health insurance legislation would not involve any additional expense for either the Federal Government or the nursing facility. It only requires a recognition of and respect for nursing home patients as human beings.

A TURNING POINT IN THE NORTH-SOUTH ECONOMIC RELATIONSHIP

HON. JOHN C. CULVER

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. CULVER. Mr. Speaker, together with several other congressional colleagues I have been pleased since its inception to serve on the Trilateral Commission. This is a unique venture seeking to draw on citizens in the professions and in leadership in Western Europe, Japan, and North America. During the past weeks the Commission has issued a series of reports on major themes in the transnational relationships between these areas of the world community.

One of the most significant and thought-provoking of these is entitled "A Turning Point in North-South Economic Relationships." Not only does this report, prepared by Prof. Richard Gardner of Columbia University, Saburo Okita of Japan, and B. J. Udink of the Netherlands, closely analyze the gathering crisis in North-South relations; it also advances a series of proposals for coming to grips with the intertwined issues of energy prices, food, and fertilizer shortages, and the twin stresses of both inflation and recession.

Mr. Speaker, I ask unanimous consent to have printed in the RECORD a brief summary of the report, an article on it by Edwin Dale of the New York Times, and an editorial also from the New York Times.

The material follows:

A TURNING POINT IN NORTH-SOUTH ECONOMIC RELATIONS: SUMMARY OF THE REPORT

(By Richard Gardner, B. J. Udink, Akira Onishi, April 1974)

The time has come for new policies and new actions by the governments of the Trilateral region in their relations with developing countries. There is a crisis in North-South relations that requires two kinds of responses from the Trilateral governments:

First, there is need for a general restructuring of North-South economic relations for the purpose of creating a more just and workable world economic order. Such a new economic order should include, among other things, greater attention by both developed and developing countries to their growing interdependence, greater respect for the equal rights of all members of the world community under international law, the abolition of "spheres of influence," greater recognition of the differing needs and capabilities of different developing countries, the pursuit of cooperation rather than confrontation, the focusing of development efforts on the poorest segment of populations in developing countries, new rules and arrangements governing access to supplies as well as access to markets, and a restructuring of international economic institutions in the light of new political and economic realities. We propose to deal with the extremely complex questions involved in this restructuring in a later report to be issued early in 1975.

Second, there is need to deal with the desperate plight of nearly one billion people in some 30 resource-poor developing countries whose governments cannot pay the increased bills for oil, food, fertilizer, and other products. At least $3 billion in extra concessional aid must be found for these countries in 1974–75 to avoid economic disaster. This situation calls for an extraordinary act of cooperation between the countries of the Trilateral region and the oil exporting countries of OPEC. The former bear a special responsibility because they have a vastly greater total national income and the latter bear a special responsibility because of the dramatic increase in their export earnings and therefore in their capacity to invest sums abroad. We believe it would be reasonable for the Trilateral world as a whole to provide about $1.5 billion of this total, with the OPEC countries providing the other $1.5 billion. In response to the appeal of the Secretary-General of the United Nations, contributions to this special emergency effort could be made through bilateral or multilateral channels and could take the form of cash, concessional sales of food, fertilizer and oil, and the cancellation or postponement of debt repayment. The Soviet Union should be invited to participate in this emergency assistance effort in the light of its considerable economic capabilities and the fact that it has benefited on the whole from the recent increase in raw material prices.

AID TO POOR LANDS URGED BY EXPERTS

(By Edwin L. Dale, Jr.)

WASHINGTON, June 9.— A report prepared by three economic experts proposes that the industrial nations of Europe, North America and Japan join the oil-producing nations in contributing $3-billion to aid some 30 poor countries that have been hard hit by higher oil and food prices.

Under the proposal, the emergency relief would be provided in 1974 and 1975, with the oil-producing nations giving half the aid and the industrial nations the other half. The aid could be in money or food or, from the oil countries, in the form of easy credit terms for oil sales.

The proposal is the highlight of a 23-page report prepared for the Trilateral Commission, an organization established last year of leading citizens and some government officeholders from Europe, North America and Japan. The report, which was made available to The New York Times, was written by Richard N. Gardner of the United States, Saburo Okita of Japan and B. J. Udink of the Netherlands. All have held government positions and have otherwise been involved in internatonal economic affairs.

"FOURTH WORLD"

The report says: "The plight of the 'fourth world' countries cannot wait for a general restructuring of the international economic order—a task that may take years. Without emergency measures in the next few months, the shortage of food, energy and other essential supplies will bring mass starvation, unemployment and increased hardship for millions already at the economic margin."

The report refers to the industrial countries of Europe, North America and Japan as the "trilateral world" and says: "We must not allow the plight of the non-oil producing developing countries to worsen while the trilateral world and the [oil-producing] countries argue about who is to blame for the present crisis, nor will anything be gained by controversies about what is a 'fair' price for oil."

Urging an "extraordinary act of cooperation" that would not strain the finances of

either the trilateral world or the oil countries, the report says:

"Time is now of the essence. The full impact of the plight of the developing countries has not registered so far because financial settlements for oil are made quarterly and bills for oil shipped at the new high prices are only just coming due.

"CRUNCH" THIS SUMMER

"The 'crunch' will come this summer when accounts for the second quarter of the year have to be settled," the report says.

The report suggests that the industrial countries divide their $1.5-billion contribution according to the formula of their shares in the World Bank's International Development Association. This would mean one-third for the United States, or $500-million. No specific suggestion was made as to how the oil-producing countries should share their $1.5-billion contribution.

The 50-50 sharing of responsibility "should be accepted as an ad hoc measure appropriate only to the present emergency and without prejudice to burden-sharing arrangements for the longer term, the report says.

COLLECTIVE CRISIS

These are the days in which seemingly melodramatic forebodings for the world assume the harsh reality of official statistics, of sober projections by reasonable and soft-spoken professionals not given to excesses of doomsaying. Thus, a task force of economists from North America, Western Europe and Japan have concluded that in the coming months of summer, "the lives and fortunes of large numbers of human beings hang upon the outcome of decisions taken by a small handful of national leaders."

Their reference, in the first report from the privately organized Trilateral Commission, is to an international economic "explosion" triggered by; a fourfold increase in oil prices; higher costs and shortages of food and fertilizer, and acute inflation and danger of recession in the industrialized world—all coinciding now at a moment when national leadership of the non-Communist world is in a state of visible disarray.

Drawing on the estimates of the World Bank and other global financial institutions, these experts propose urgent cooperative efforts between the industrial world and the oil-producing countries to provide a minimum of $3 billion in concessional aid for some thirty countries poor in resources and with populations totaling nearly one billion people, which otherwise face economic disaster—not within the decade, but *within the next two years.*

These countries are confronted with import bills of $15 billion in excess of their previous projections because of higher costs of oil, food, and fertilizer. Just this excess is double the total amount of development assistance they now receive from all the industrial nations. With each passing month, this problem will only grow more acute, as the oil bills come in and the balance of payments of many rich and poor countries alike grow more lopsided.

Two of the Trilateral Commission's specific recommendations deserve special consideration. First is for the immediate opening of high-level negotiations between the oil-producing countries and the governments of Europe, North America and Japan as a group to devise the ways in which the concessional aid can be divided. The commission experts suggest an equal division—$1.5 billion from each group—through various financial means and postponement of debt repayments.

More tentatively, but with far more profound implications, the Trilateral task force suggests that the Soviet Union be encouraged to participate in this emergency aid program. International financial planners have grown accustomed to leaving the Soviet Union out of their calculations and programs, on the basis of clear historical and ideological experience. But the Russians have become increasingly integrated in fact, if not institutionally, in the world trading economy, and have actually received considerable financial benefit from the increase in raw material prices.

President Nixon's meeting with the Soviet leaders late this month would be an ideal occasion to press for agreements by which Moscow would participate with the other industrial capitals in *ad hoc* arrangements to ease the immediate burdens of the developing nations.

COLLECTIVE INTEREST

Only gradually is the reality sinking in that burdensharing between rich and poor nations is not merely a moral imperative or humanitarian preoccupation of idle dreamers; it is the only means of insuring survival of the world economic order.

Much has been made of the potential for confrontation between oil producers and oil consumers, which then can be extended to all producers of raw materials against their industrial customers. Among other academic and government study groups in several countries, the Trilateral Commission is grappling with finding the means for implementing a new economic structure adequately to reflect the interests of both rich nations and poor.

The most useful concept so far is the bargain that can be struck to provide long-term and secure access to what each nation needs. Access to supplies, which the industrial nations need, is traded for access t what the producers of raw materials need: access to markets at stable and remunerative prices, access to technology and investment capital, access to a greater share of decision-making in international economic institutions.

However they are posed, the problems that confront a "small handful of national leaders," both for the short and long term, demand a new perspective, a strength of vision far beyond what today's men of power have yet been able to summon in their definitions of national interest.

EPA AND DDT

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. HUBER. Mr. Speaker, I consider it a sad irony that in the name of environmental protection we have enacted rules and regulations that have actually destroyed much of our environment. I refer in particular to the Environmental Protection Agency's decision to ban the use of DDT. This policy was enacted in spite of the fact that the hearing examiner, Edmund Sweeney, recommended that the use of DDT be continued for essential purposes. Nevertheless, the EPA was swayed by the public relations of the liberally dominated environmental groups and made an expedient decision that would prove popular, it banned the use of DDT. The result of bending to this public pressure is that since 1972 we have seen thousands and thousands of acres of forest land on the east and west coasts destroyed by the gypsy moth and the tussock moth, two insects whose activities had previously been controlled by the use of DDT.

A recent article in the August 5, 1974, issue of American Medical News discussed some of the comments Dr. Thomas Jukes, a medical biochemist at the University of California, made on this topic. I think it is worth noting that Dr. Jukes quotes one scientist as observing that—

Except for antibiotics, it is doubtful that any material has been found which protects more people against more diseases over a large area than does DDT.

I believe careful attention should be paid to Dr. Jukes' remarks, particularly by those at EPA who foisted the ban on DDT upon us. Therefore, I am inserting the article entitled "End of Curbs on DDT Proposed" for the benefit of my colleagues and for the benefit of those at EPA who will take the time to analyze and reflect upon it:

[From the American Medical News, August 5, 1974]

END OF CURBS ON DDT PROPOSED

A plea to end the ban on the insecticide DDT is voiced in the July 29 issue of the *Journal of the AMA.*

The decision of William Ruckelshaus, then head of the Environmental Protection Agency, to ban DDT in 1972 was "political rather than scientific," charges Thomas H. Jukes, PhD, DSc, medical biochemist at the U. of California at Richmond, Calif.

"Let us hope that DDT will find its place again as a public health measure for uses that are essential in the control of noxious insects," declares Dr. Jukes.

He points to the gypsy moths that "have ruined many square miles of woodland in the eastern United States" in the last three years, leaving denuded forests that "are an ecological disaster." And, in the Pacific Northwest, the tussock moth, a similar insect, has "destroyed thousands of square miles of magnificent Douglas fir forests, one of the last great timber reserves in the United States." EPA refused to allow DDT to be used against these moths in 1973, and the substitute measures were ineffective, he says.

Hearings were held on DDT for nine months in 1971 and 1972. The hearing examiner, Edmund Sweeney, reviewed the 9,000 pages of testimony and recommended that the use of DDT be continued for essential purposes. However, Ruckelshaus ignored Sweeney's recommendations and findings of fact and banned DDT, Dr. Jukes writes.

The California scientist reviews the major complaints against the insecticide. DDT is stored in body fat, but there has been no indication that this causes harm, he writes. It is present in small quantities in breast milk, but no harm to infants has been noted. There is absolutely no real evidence that DDT causes cancer, Dr. Jukes says.

Dr. Jukes quotes one scientist who said: "Except for antibiotics, it is doubtful that any material has been found which protects more people against more diseases over a large area than does DDT. Most of the peoples of the globe have received some measure of benefit from this compound, either directly by protection from infectious diseases and pestiferous insects, or indirectly by better nutrition, cleaner food, and increased disease resistance."

The World Health Organization has stated that more than 960 million people who used to be subject to endemic malaria are now free of this sickness. WHO noted that there have been no detectable ill effects in spraymen who have worked for years in malaria eradication.

In 1970, the AMA Councils on Occupational Health and on Environmental and Public Health stated that it was an established fact that pesticide handlers who have been studied with great care for 30 years have DDT concentrations in fat up to 50 times that of the general population, yet "Careful research has shown no interference with

their health despite long-continued exposure. Injuries to humans have been observed only in persons who accidentally receive acute massive doses."

EXPERIMENTAL AIRCRAFT ASSOCIATION—A VALUED FRIEND

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. STEIGER of Wisconsin. Mr. Speaker, each year the city of Oshkosh has the privilege to play host for the Experimental Aircraft Association's convention.

The annual convention draws people from throughout the country and the world—this year 255 overseas visitors from 23 countries registered—to Oshkosh, where they set up their own community at the city's Wittman Field. Attendance in the first 6 days of EAA activities reached a record 250,000 persons and airplane landings and takeoffs in those 6 days broke the record set in the full 7 days of the 1973 convention.

Wittman Field was the busiest airport in the United States during the July 31–August 6 EAA convention. The people of Oshkosh and the members of the EAA can take pride in that fact, but more important, they can take pride in the smooth, successful way in which the convention was again conducted.

The August 6 Oshkosh Daily Northwestern paid tribute to the EAA, its convention and what it means to the people of Oshkosh in two editorials. I commend the editorials to your attention:

EAA: SUCCESSFUL AS A COMMUNITY

With the Experimental Aircraft Association convention winding up today, it is appropriate to look over the past week for an over-all view.

While the numbers, reported daily, are overwhelming—in aircraft registered, in takeoffs and landings, and in people watching and imbibing aviation techniques and lore—the numbers alone are inadequate to convey the story of the past week.

What is most intriguing is that with these vast numbers, of people and of planes, everything runs smoothly. From thousands of miles they come to Oshkosh, and for one week create a new community.

What allows a new community to come to life each year in August at Wittman Field, to function smoothly, to accomplish its goals, and to pack off without confusion?

It is, obviously, the genius for organization which the EAA leadership has demonstrated over the years.

It is more than that, however. This week-long community functions smoothly because each individual member of that community wills it to function. Each visitor to Oshkosh this past week has a particular interest in aviation, it is true.

But it is more than a common interest which makes it function. Fifty thousand football fans share a common interest, but after they leave the stadium, it is a mess. Chaos is a hallmark of some gatherings, both during and after the event.

Yet at the EAA grounds, everything is orderly without being regimented. It is perhaps the most impressive thing about the EAA convention to an outsider. Here are thousands of people, and all take care so that their interests are subordinate to the total welfare of the community.

Perhaps some anthropologist will find the EAA a subject for study. It would be interesting for a professional to identify the elements that make this community the success that it is.

Whatever it is that motivates those masses of individual EAA members to make their one-week community successful might be applied to other communities.

A VALUED FRIEND

Most Oshkosh residents feel comfortable having the Experimental Aircraft Association here each year. It is a happy accommodation of this city with the thousands of visitors to EAA.

One of the things Oshkosh looks forward to is the evening air show which daily highlights activities at Wittman Field.

This year's shows have been outstanding. The lusty sounds of the Warbirds in formation over Oshkosh had a certain romanticism about them. Air show spectators were treated to magnificent aerobatics and demonstrations. It fired the imagination of many a youngster.

The air show is only the visible part of what the EAA convention is doing, and of what it means to Oshkosh.

As each year passes the community and the EAA are becoming more closely associated. Hopefully this friendship will grow and continue for many more years.

REVIVE COST OF LIVING COUNCIL

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, today I am introducing for appropriate reference the "Economic Monitoring and Inflation Control Act of 1974." I am introducing this bill pursuant to President Ford's request last night that—

Before your Labor Day recess, Congress should reactivate the Cost of Living Council through passage of a clean bill, without reimposing controls, that will let us monitor wages and prices to expose abuses.

I commend President Ford on designating inflation control as the first priority of his administration. In the President's words:

Inflation is our domestic public enemy No. 1. To restore economic confidence, the government in Washington must provide leadership.

I am certain that the public fully expects such leadership from Government in combating inflation, and that the Congress stands ready to cooperate with the President in providing that economic leadership for the country.

In this regard, I commend the President on accepting the suggestion that he convene a domestic summit on the economy, bringing together Members of Congress, his own economic consultants, and some of the best economic brains from labor, industry, and agriculture. The purpose of this summit would be to devise a bipartisan action plan for stability and growth in the American economy. I further commend the President on his pledge to convene the summit at an early date, to conduct it in full public view, and to personally preside over it. The President's emphasis on the need for such a summit is a refreshing and candid recognition that there are no easy or pat solutions to our economic problems. In the President's words, the American people "are as anxious to get the right answers as we are."

While the administration is devising a bipartisan action plan for the economy at this forthcoming summit, it is nevertheless important in the interim that certain immediate steps be taken. I share the President's hope that before we break for the Labor Day recess on August 22, this Congress can process and send to the President's desk a clean bill to reactivate the Cost of Living Council to closely monitor wages and prices and expose abuses with a view to curbing inflation, without the reimposition of wage and price controls.

The legislation which I am introducing today is aimed at implementing that goal. Under my "Economic Monitoring and Inflation Control Act," the President would be granted the necessary authority which would in turn be delegated to a new Cost of Living Council. This authority would carry through December 31, 1975. It is my hope that the House committee to which this bill is referred would initiate immediate hearings on this and related proposals with a view to meeting the President's deadline. At this point in the RECORD, Mr. Speaker, I include the full text of my bill:

H.R. 16399

A bill to provide for the monitoring of the economy for the purpose of controlling inflation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Monitoring and Inflation Control Act of 1974".

PRESIDENTIAL AUTHORITY

SEC. 2. (a) To carry out the purposes of this Act, the President shall—

(1) monitor compliance with commitments made pursuant to the Economic Stabilization Act of 1970, as amended;

(2) review the programs and activities of Federal departments and agencies and the private sector which may have adverse effects on supply and cause increases in prices and make recommendations for changes in such programs and activities to increase supply and restrain prices;

(3) review industrial capacity, demand, and supply in various sectors of the economy, working with the industrial groups concerned and appropriate governmental agencies to encourage price restraint;

(4) work with labor and management in the various sectors of the economy having special economic problems as well as with appropriate Government agencies, to improve the structure of collective bargaining and the performance of those sectors in restraining prices;

(5) improve wage and price data bases for the various sectors of the economy to improve collective bargaining and encourage price restraint;

(6) conduct public hearings when appropriate to provide for public scrutiny of inflationary problems in various sectors of the economy;

(7) focus attention on the need to increase productivity in both the public and private sectors of the economy; and

(8) monitor the economy as a whole, including such matters as wages, costs, productivity, prices, sales, profits, imports and exports.

(b) Nothing in this Act authorizes the continuation, imposition, or reimposition of any mandatory economic controls with respect to prices, rents, wages, salaries, corpo-

rate dividends, interest rates, or any similar transfers.

ACQUISITION OF ECONOMIC INFORMATION

SEC. 3. (a) For purposes of carrying out this Act, the President may by regulation, order, or otherwise obtain such information from, require such reports and the keeping of such records by, make such inspections of the books, records and other writings, premises, or property of, and take the sworn testimony of, and administer oaths and affirmations to, any person as may be necessary or appropriate. The authority to obtain information under this subsection or section 6 of this Act does not extend to copies of disclosures to departments or agencies of the United States excepted from disclosure under subsection (b) of this section.

(b) For purposes of carrying out this Act, the President may request from any department or agency of the United States, and that department or agency shall provide him, economic information except:

(1) information, the disclosure of which to another Federal agency is expressly prohibited by law, or

(2) trade secrets, commercial, financial, or demographic information which is privileged or confidential and obtained by an agency from a person for statistical or law enforcement purposes, the disclosure of which to another Federal agency would frustrate development of accurate statistics or proper law enforcement.

(c) For purposes of carrying out this Act, the President may request economic information from State and local governments, including agencies and instrumentalities thereof.

DELEGATION

SEC. 4. (a) The President is hereby authorized to reestablish the Cost of Living Council (hereinafter referred to as the "Council"), for the purposes of carrying out this Act.

(b) The Council shall be composed of the following members: The Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, the Counselor to the President for Economic Affairs, the Special Assistant to the President for Consumer Affairs and such others as the President may, from time to time, designate.

(c) The Secretary of the Treasury shall serve as Chairman of the Council and the Chairman of the Council of Economic Advisers shall serve as Vice Chairman. The Chairman of the Board of Governors of the Federal Reserve System shall serve as adviser to the Council.

(d) There shall be a Director of the Cost of Living Council who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be compensated at the rate prescribed for Level III of the Executive Schedule by section 5314 of Title 5 of the United States Code.

(e) The Council is authorized to employ such personnel as the President deems necessary to carry out the purposes of this Act, and the President may require the detail of employees from any executive agency to carry out the purposes of this Act.

(f) The President is authorized to appoint, without regard to the civil service laws, such advisory committees as he deems appropriate for the purpose of consultation with and advice to the President in the performance of his functions under this Act. Members of advisory committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or while otherwise serving at the request of the President may be paid compensation at rates not exceeding those authorized for individuals under section 5332 of title 5, United States Code, and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently. Committees established under this Act which are composed of members representative of labor and management or labor, management, and the general public to provide advice on methods of improving labor-management relations or the collective-bargaining process or assuring wage and salary settlements consistent with gains in productivity and the goals of stabilizing the economy and facilitating development of the Nation's energy reserves are exempt from the provisions of section 10 of the Federal Advisory Committee Act.

(g)(1) Under such regulations as the President may prescribe, officers and employees of the Government who are appointed, without a break of service of one or more workdays, to any position for carrying out functions under this Act are entitled, upon separation from such position, to reemployment in the position occupied at the time of appointment or in a position of comparable grade and salary.

(2) An officer or employee who, at the time of his appointment under paragraph (1) of this subsection, is covered by section 8336(c) of title 5, United States Code, shall continue to be covered thereunder while carrying out functions under this Act.

EXPERTS AND CONSULTANTS

SEC. 5. Experts and consultants may be employed, as authorized by section 3109 of title 5, United States Code, for the performance of functions under this Act, and individuals so employed may be compensated at rates not to exceed the per diem equivalent of the rate for grade 18 of the General Schedule established by section 5332 of title 5, United States Code. Such contracts may be renewed from time to time without limitation. Service of an individual as an expert or consultant under this section shall not be considered as employment or the holding of an office or position bringing such individual within the provisions of section 3323(a) of title 5, United States Code, section 872 of the Foreign Service Act of 1946, or any other law limiting the reemployment of retired officers or employees.

ECONOMIC IMPACT REVIEW OF FEDERAL PROGRAMS AND ACTIVITIES

SEC. 6. Subject to the policy guidance and direction of the President, the head of an agency exercising authority under this title may review and appraise the various programs and activities of the departments and agencies of the United States in light of the policy set forth in section 2 of this Act for the purpose of determining the extent to which those programs and activities are contributing to the achievement of that policy and make recommendations to the President with respect thereto.

REPORTS

SEC. 7. (a) In transmitting the Economic Report required under section 3(a) of the Employment Act of 1946 (15 U.S.C. 1022), the President shall include a section describing the actions taken under this Act during the preceding year and giving his assessment of the progress attained in achieving the purposes of this Act. The President shall also transmit quarterly reports to the Congress not later than thirty days after the close of each calendar quarter describing the actions taken under this Act during the preceding quarter and giving his assessment of the programs attained in achieving the purpose of this Act.

(b) In carrying out his authority under this Act, the President shall study and evaluate the relationship between excess profits, the stabilization of the economy, and the creation of new jobs. The results of such study shall be incorporated in the reports referred to in subsection (a) of this section.

FUNDING

SEC. 8. (a) There are authorized to be appropriated to the President, to remain available until expended, such sums as may be necessary to carry out the provisions of this Act.

(b) The President may accept and use in furtherance of the purposes of this Act money, funds, property, and services of and kind made available for such purposes by gift, devise, bequest, grant, or otherwise.

EXPIRATION

SEC. 9. The authority to issue and enforce orders and regulations under this Act expires at midnight December 31, 1975, but such expiration shall not affect any action or pending proceeding, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to January 1, 1976.

BRANDED BY THE NUMBERS

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. LEGGETT. Mr. Speaker, on May 30, I introduced H.R. 15099, a bill which would prohibit the use of separation program number—SPN—codes on discharge certificates, require that the Department of Defense make active efforts to replace all discharge papers that they have issued bearing those codes, and establish regional discharge review centers to provide accessibility to veterans who wish to pursue appeals. While the Department of Defense has not yet commented on this proposal, I have already received overwhelming public response since its introduction, all of it favorable. It has been said time and again that one of the major strengths of our Armed Forces is the high level of education of our military men; it only follows that our newest veterans would also be relatively well-educated. These veterans know that they are being hurt by the present system, and they know that it is up to the Congress to do something about it.

Every day that we fail to correct the inequities addressed by my proposals more and more young lives are wrecked by the insidious numbers that are literally time bombs which are being carried around by thousands of veterans. A recent article in Penthouse magazine, "Branded by the Numbers," brings this problem from the abstract to the very real terms in which today's veterans must deal with it. I would like to insert that article into the RECORD at this point so that every Member may acquaint himself with the kind of tragedies that daily haunt the lives of thousands of young men:

BRANDED BY THE NUMBERS

In July 1967, Thomas Aiken, an impoverished seventeen-year-old, enlisted in the army because, as he explains, "I wanted to better my life."

Aiken, a gangling black youth from New York City, arrived in Vietnam just in time for the 1968 Tet Offensive, in which 4,285

American soldiers were killed and 12,985 seriously wounded. He served as an infantryman in the First Cavalry Division, fighting to relieve the siege of Khe Sanh. He had already received a recommendation for a Bronze Star and several other medals when shrapnel from a Viet Cong booby trap wounded him in the right eye, arms, and chest. Eventually he was evacuated to a Massachusetts army hospital for a three-month recovery.

While he recuperated, the piece of shrapnel that remained in his right eye continued to trouble him. Nevertheless, he was transferred to Fort Gordon, Georgia, to await further orders to return to Vietnam. Like many other wounded veterans, Aiken discovered that his "profile," an army designation recognizing his injuries and prohibiting him from hard work, was more a bother than a help. Sergeants kicked his bunk and pulled him out of bed, accusing him of "dogging it." Officers, he says, challenged him, knowing he wouldn't strike them.

After several months, Aiken, his eye still bothering him, had had his fill. "After a while," he remembers, "I felt like I was losing my mind, and that if I didn't get away from the army and that kind of life, I was really afraid that I would go crazy, hurt somebody, or myself. So I had to leave and get back to my family in Queens so I could get my mind back together."

Requests for leaves were refused, so Aiken went absent without leave (AWOL) three times. After being court-martialed, Aiken reluctantly accepted, in July 1970, an "undesirable discharge" that would allow him to leave the army early. The vision in his right eye had already begun to deteriorate.

For the next two years, he applied repeatedly for medical treatments and benefits to the Veterans Administration office in New York. He was rejected, he was told, because of his undesirable discharge.

Lacking proper medical treatment, Aiken lost his right eye in March 1973. Meanwhile he was finding that his undesirable discharge was also turning off potential employers. He says he has looked "everywhere" and still has no steady job.

If Aiken's experience were unusual, it could perhaps be dismissed as yet another unfortunate footnote to an unfortunate war. But hundreds of thousands of other Vietnam veterans were also discharged with what they have ruefully come to call "bad papers"—less-than-honorable and even honorable discharges that contain bad code numbers, called Separation Program Numbers (SPNs). The SPNs may reveal adverse information about a man—for instance, whether he was a "homosexual" or a "bed wetter."

Most experts agree that the number of bad papers awarded by the armed forces to Vietnam veterans is unprecedented. According to the Defense Department more than 500,000 men, roughly 6 percent of the 8.2 million Vietnam-era veterans, have other-than-honorable discharges. "More than 286,000 of these troops were discharged in the last four years, during one of the rockiest employment periods in American history," says Congressman Edward I. Koch (D–NY), who has introduced legislation to alleviate the bad papers problem.

Vietnam veterans with less-than-honorable discharges include about 275,000 with general discharges ("under honorable conditions"), 191,000 with undesirable discharges ("under conditions other than honorable"), 33,000 with bad-conduct discharges, and 3,500 with dishonorable discharges. Thus, more than half a million young men are bearing millstones that will weigh heavily on them through their lives. The only "papers" that afford a Vietnam veteran an even break in civilian society is an honorable discharge with a benign SPN.

Altogether, 888,000 Vietnam-era veterans, by Defense Department estimates, carry discharges with "adverse" SPN codes. The codes were awarded by their commanding officers at their last duty stations before discharge, allegedly as a reason for their separation from the armed services. Some experts contend that the number of adverse SPN victims is actually much higher than the Pentagon's estimate of 12 percent of Vietnam-era veterans. There are, after all, more than 500 SPN numbers (see next page for a listing of SPN codes), and every veteran has one. "Who knows what 'adverse' is from the Defense Department's point of view?" asks Koch, who estimates the adverse SPN total to be "comfortably higher" than 12 percent of all Vietnam-era veterans. Adversity is, after all, in the eyes of the beholder, and if the VA or a potential employer, lender, or school thinks a SPN code is adverse, it *is* adverse.

Certainly, many so-called nonadverse SPN categories are potentially harmful. Some, like "homosexual," are plainly negative, while others are couched in dangerous bureaucratic Newspeak that could turn off a potential employer, SPN 243 is one example: "Resignation in lieu of board action when based on unfitness." Others are ominously ambiguous: SPN 288, "Habits and traits of character manifested by antisocial and immoral trends"; SPN 480, "Personality disorder."

The Defense Department has moved belatedly to eradicate the SPN system, but questions remain about the procedure and how it will help previously victimized men.

In their own way, bad papers are the most insidious of all the veterans' problems. Modern medical technology repairs shattered bodies, time may heal devastated souls. Addicted veterans kick their habits or die. But the veterans bearing bad papers are like the character "Joe Btsfplk" in the "Li'l Abner" comic strip—there's always a dark rain cloud hovering over their heads.

These veterans find the VA and other government agencies unsympathetic to their problems, job doors slammed in their faces, and benefits of all sorts denied them. Most know of no procedure that would help solve their problems with bad papers. Many of these veterans, particularly those with dependent families, wonder where their next meal is coming from. They question incessantly their lack of acceptance by friends and families they left behind when they went to Vietnam, and by a civilian society that considers their bad papers the kiss of death.

Why the unprecedented number of bad papers? While World War II statistics are "in the process of being compiled," the Defense Department does have comparable bad-discharge figures from the Korean War. In Korea, 142,634 veterans, only 2.5 percent of the 5.7 million who served, received other-than-honorable discharges, as opposed to 6 percent of Vietnam-era veterans. (The SPN system was initiated in the mid-Fifties, after the Korean War.)

One probable reason for all the bad papers awarded Vietnam veterans is that our troops did not "win" the war. The fault must have been theirs—not their commanders' or the war's itself. It's always easier to blame the troops.

Carl McCarden, former head of the New York Mayor's Office for Veterans' Action, has his own explanation for the bad papers: "It's probably all part of the failure of leadership, the badly reported internal dissension in Vietnam. Lifers were administering bad papers to draftees, careerists to dissenters. It was the ultimate weapon one group had over the other."

The actual number of victims of bad papers does not reveal the total number of casualties they cause. The continuously festering wounds manifest themselves in fractured families, depression, raging frustration, alcoholism, drug abuse, and suicide.

Ernie P., a young veteran who loaded bombers at Ton Son Nhut Air Base in Vietnam, relates: "I was released from the air force with an undesirable discharge. The reason for this was that I was involved with another serviceman. I need not tell you the extent of the situation. I live every day as a prisoner within myself and it's finally getting to me. I don't want my wife and children to suffer for my mistake, but they are, because I can't get a mortgage loan from the VA. I live in fear that one day my family will find out what my SPN says about me."

For months, Eddie Aldarondo of the Bronx couldn't decide which had hurt him more—the drug habit he picked up while in the army or the bad discharge he received as a result of the drug habit and subsequent AWOL offense. Now he knows. Once and for all, Eddie has kicked his drug habit, but his bad papers linger on to impede his civilian life.

Eddie's bad papers are an undesirable discharge ("Under conditions other than honorable") with an adverse SPN code, 246, "Discharge for the good of the service."

Determined to escape from the South Bronx neighborhood where he grew up, an area rife with drugs, gangs, and crime, the short, muscular Puerto Rican youth enlisted in the army at the age of seventeen, immediately after his high school graduation. After one year of training at Fort Sam Houston, Texas, Eddie was legally old enough to be sent to Vietnam, and after September 1971 he served as a medic in the Seventh Regiment of the First Division.

For one long month, Eddie saw action at Ben Hua, Fire Base Mace, and "in the brush" near the Cambodian border. He smiles proudly as he recalls the wounded men he helped. "No one ever died on me."

Eddie caught malaria while on patrol, however, and developed chronic hepatitis while recuperating in Japan. In December 1971, he was sent to St. Albans Military Hospital in Queens to recuperate further and await orders to return to Vietnam.

Growing up, Eddie had seen drugs on the streets all around him but had never really smoked grass until he was sent to Fort Sam Houston. "The drugs were everywhere man, everywhere I went in the army," Eddie recalls, and he began smoking grass. In Vietnam, when he joined his unit on patrol, he was introduced to his fellow platoon members and "their belongings"—pure Laotian heroin that most of the men smoked incessantly. Eddie joined them.

In Japan, he snorted heroin and at St. Albans Hospital, as Representative Mario Biaggi (D-NY) later charged, drugs were everywhere. Eddie realized he was rapidly developing a deep drug habit. He would get up in the morning and immediately begin thinking about a fix. But turning himself in meant sure punishment, he felt, not to mention inadequate treatment.

Visiting Eddie at St. Albans, a friend who was a former army drug addict told him about the DMZ, a drug-treatment facility for addicted veterans located in the South Bronx. At the DMZ, his friend said, no questions were asked. In April 1972 Eddie went AWOL from St. Albans to enter the DMZ. During his five months at that facility, Eddie remained an AWOL and successfully kicked his drug habit.

Eddie was one of five AWOLs at the DMZ, and a program director arranged for the young men to turn themselves in at Fort Dix. Eddie was given the impression that he would be granted a general discharge from the army, leaving him eligible for veterans' benefits. He found himself faced with an unanticipated choice, however. He could remain in the army and fight a proposed undesirable discharge, or take the undesirable and "freedom."

"I was doing too well at the DMZ to go back into the army and start getting into trouble all over again, so I took the bad discharge," Eddie says.

A month after he received the discharge on October 30, 1972, Eddie applied for VA

benefits. Months later, a letter from the VA matter-of-factly informed Eddie of conditions entitling a veteran to receive benefits. Although Eddie met all these condtions, the letter concluded that "your claim has been disallowed because the evidence on your record indicates that you were separated from the service under conditions which preclude entitlement."

"It's a contradiction," Eddie complains. The French statesman Georges Clemenceau said it differently many years ago: "Military justice is to justice as military music is to music."

Legally, the VA can forbid benefits only to conscientious objectors, deserters, and the 3,500 dishonorably discharged veterans. Veterans with undesirable and bad-conduct discharges, however, are often informed they are due no benefits until they get their discharges upgraded. This is a lie. It is up to a VA review board to decide whether the offense was sufficient reason for denial of educational benefits, pensions, home loans, medical and dental assistance, and even certain burial rights. But the VA review boards seldom rule in favor of the veteran.

A Ralph Nader study group found that only 91 of 1,305 applicants with bad discharges surveyed during a five-month period in 1972 were approved for education benefits. Of the nearly 100 veterans with bad papers *Penthouse* interviewed, only twenty said they were approved. No wonder so many former troops steer clear of the VA altogether, accounting perhaps for the low number of applicants seeking to upgrade their discharge papers.

This VA authority seems patently illegal to Robert Wilson, a lawyer and discharge-upgrading counselor for the New York Mayor's Office for Veterans' Action. "I'd love to challenge the VA in court," says Wilson, displaying Subsection 3103(A) of Title 38 of the U.S. Code. Approved by Congress in 1971, the subsection lists the following as "Certain Bars to Benefits": "The discharge or dismissal by reason of the sentence of General Court-Martial of any person from the Armed Forces or the discharge of any such person on the ground that he was a conscientious objector . . . or a deserter."

Most veterans with bad papers do not fit into any of these categories and Wilson asks: "Congress gives the VA the right to administer the law, but where does it give them the right to change it?"

Other federal, state, and local government agencies perpetuate this discrimination against men with bad discharges. The rule seems to be that many "generally" discharged veterans (the great mass af bad-papers recipients) and just about all veterans with bad conduct, undesirable, and dishonorable discharges are not eligible for federal civil-service jobs, social security, or even unemployment compensation. According to the Nader study, over the five-month period surveyed in 1972, the U.S. Labor Department approved only 600 of 4,000 applicants with bad papers for unemployment compensation. Moreover, many states and cities have specific ordinances barring veterans with less-than-honorable discharges from government jobs.

In the private sector, jobs are the most common problem for veterans with bad papers. Most potential employers routinely ask to see the Veteran's "Report of Separation from Active Duty" (DD214). issued to each veteran upon discharge. It's a harmless-looking bureaucratic form with thirty-four categories of personal information. Some information, like the name and place of residence, is indeed harmless.

But camouflaged on the DD214 are all kinds of negative signals to the potential employer, signals of which the veteran may be unaware. The certificate reveals whether the discharge was less-than-honorable, the veteran's SPN number, whether he is considered worthy of reenlistment, and any offense he may have committed while in the service. Each negative entry is also a potential stumbling block to home loans, life and medical insurance, mortgages, bonding, and consumer credit.

For example, Stanley Days of Bridgeport, Connecticut, would seem to have more than his share of problems, with three small children and no job. What he considers his biggest problem, though, is the general discharge and negative reenlistment code he received from the navy.

Days enlisted in the navy in 1965 and served for seven months in 1966 as an aviation structural mechanic aboard the aircraft carrier *Kitty Hawk* in the Gulf of Tonkin. He served meritoriously in the Seventh Fleet and had no real problems with the navy, he says, until he was transferred to his next duty station, Sanford Naval Air Station in Florida, in 1968.

"I just couldn't get along with the dude in charge of me at Sanford," says Days. "He only had one stripe on me but he was always getting on me. I don't want to use this as an excuse, but he was a real cracker and I don't think he liked blacks. Of course, whites had trouble there, too. Sanford was really full of petty stuff."

Days became increasingly disgusted with the navy and what he considered the harassment he was receiving. When he discovered that the girl he had been dating (later to be his wife) was pregnant and his request for a leave was denied, he went AWOL. After two months AWOL he was arrested and taken to a Brooklyn naval facility where he was busted from seaman to recruit, fined, and confined to a Brooklyn brig for three months.

To Days, the penalty seemed so out of proportion to the offense that he just "gave up all my hopes of ever being anything in the navy and got determined to get out as soon as I could." A few weeks after he left the brig, he went AWOL again.

When he returned to the Brooklyn base, Days chose to receive a general discharge rather than stay and face a court-martial hearing. He was given the impression by his counsel that the general discharge wouldn't hurt him as a civilian. He wasn't aware of the negative reenlistment code on his record.

Unlike many other Vietnam veterans, Days had what seemed to be a marketable civilian skill. A veteran capable of repairing planes and helicopters should have been in demand as the war continued to heat up. But Days was turned down for jobs at many firms because, he says, personnel people told him they were leery of hiring veterans who had less-than-honorable discharges. They feared it might endanger their heavy load of government contracts.

The severe consequences of bad discharges contrast sharply with the comparative casualness with which they are often awarded. The navy, marines, and coast guard will automatically administer a general discharge to any man who doesn't measure up to certain standards of proficiency and conduct, and the serviceman has no opportunity to appeal while in the service. The army and air force may give general discharges to troops whose "characterization" is deemed "unsatisfactory."

"The general discharge was given in a lot of cases where there is no real offense involved, but where the soldier just doesn't measure up to certain standards," says Gordon Jenkins, chief of armed forces claims for the Veterans of Foreign Wars. "Although general and undesirable discharges are not supposed to be punitive in nature, they certainly are in the sense that they scare off potential employers once the man is a civilian."

In Vietnam some general and all undesirable discharges (both termed "administrative" by the armed services) were awarded at battalion- or division-level administrative hearings. Bad-conduct and dishonorable discharges, termed "punitive" by the armed forces, were meted out at courts-martial. The difference is significant because experts on veterans affairs insist that the soldier confronted with an administrative discharge has fewer rights than one facing court-martial, although by definition his offense was much less serious.

As Congressman Koch said: "At an administrative hearing in Vietnam, the accusers could establish guilt solely by preponderance of evidence—not by the 'beyond a reasonable doubt' rule of courts-martial and civilian criminal courts." This means that if a soldier is charged with possession of three sticks of marijuana, he can be found guilty at an administrative hearing solely on the basis of circumstantial evidence.

And while courts-martial decisions and sentences can be appealed, there is no provision for appealing the findings of an administrative hearing within military courts after military review.

There is something so ominous about the term "court-martial," however—bearing as it does, connotations of prison sentences and stiff fines—that many soldiers in Vietnam elected to have administrative hearings when confronted with the possibility of a court-martial. Many others waived their rights to hearing and counsel altogether, and took whatever bad discharge the hearing served up.

Harry Espada, a veteran from Spanish Harlem, found himself in such a situation, took the "easy way out," and regrets his decision. After serving honorably in Vietnam, Harry ran afoul of his superiors at Fort Gordon, Georgia, where he was biding time while awaiting discharge from the army. There were many problems in Harry's family, not the least of which was his mother's frequent hospitalization for a colon disorder, and Harry repeatedly requested an emergency leave. When it was denied, he finally went AWOL.

After he returned to base, he received an Article 15 (an administrative punishment) and spent time in the stockade. Things went from bad to worse. His family's problems continued, and Harry went AWOL twice more. His company commander gave him a choice between "an undesirable discharge" or "worse"—a court-martial. Harry might have been acquitted, given his family situation, but he chose the undesirable discharge and an early out from the service. Now he wonders how he's going to feed his two small children. His wife got fed up with his job problems and left him. So now it's just Harry, who is twenty-seven but looks ten years older, the two small kids, and the coffee he absentmindedly stirs in a Times Square coffee shop.

Harry is angry, ready to explode—but at whom? at what? "I get the big runaround from everybody—the VA, companies, banks. They either turn me down right off the bat or give me the runaround. Sometimes I get angry enough to rip someone off, but I try to control it. That'll get me nowhere faster than I'm heading there. But the other guys —they're into ripping off now."

Certainly this kind of frustration often explodes into crime. By 1973, according to *Penthouse* research, 32 percent of the federal prison population were veterans, 11 percent of whom had served in Vietnam. The Vietnam-era Veterans National Resource Project estimates that 20 to 35 percent of all prison inmates (local, state, and federal) are Vietnam-era veterans with less-than-honorable discharges. In California, 25 percent of the penal institution inmates are Vietnam-era veterans with bad papers. In Newark, New Jersey, the figure is 35 percent.

Many veterans have bad papers because they swallowed one of the biggest lies of the

war in Vietnam, a rumor so common that even the *Army Times*, a newpaper that often reflects army views, editorialized against believing it: that after six months, general and undesirable discharges would revert to honorable. The rumor was absolutely false, but for their own reasons—to prunedown units, to unload "troublemakers," to get rid of troops with low IQs, perhaps because they swallowed it themselves—many officers and psychiatrists perpetuated it.

"That's what the army shrink told me," recalls Artie Fishman, an otherwise sophisticated New Yorker who served as an artillery gunner in the Fourth Army Division near Dak To. Fishman was referred to a battalion psychiatrist after he began exhibiting signs of "antisocial" behavior.

His symptoms included subscribing to *Ramparts* magazine, having the temerity to discuss the validity of the war, and not always aiming his mortar at a town he knew to be occupied by civilians.

Fishman accepted the psychiatrist's offer of a general discharge in exchange for an early out from Vietnam. His discharge has yet to revert to "honorable." Three years after he came home, he applied for a job as a taxi driver in New York and was told to account for his "bad military record." Fishman got the message: he'd been screwed.

But veterans with less-than-honorable discharges aren't the only ones to suffer with bad papers. Representative Koch estimates that in the last five years more than 90,000 *honorably* discharged veterans have received negative SPN numbers. In fiscal year 1973, 17,196 honorably discharged veterans received arbitrary, negative codes.

Why? What's the purpose of stigmatizing a man who managed to keep his nose clean against all odds in Vietnam? Lt. Gen. Leo E. Benade, Deputy Assistant Secretary of Defense, in a letter to Congressman Koch, wrote: "The specific nature of the service may have been honorable but the potential for future services is limited by the reason for discharge."

And what offenses might an honorably discharged veteran have committed to merit a negative SPN? Probably nothing more serious than alienating a unit commander somewhere along the line. But the consequences can be serious. One veteran wrote to Koch that he was "discharged under honorable conditions but as 'unsuitable for further military service.' This has actually proven to mean unsuitable for civilian employment as well."

Computer and human error are inevitable in the complex SPN system, where codes are bandied about casually and changed frequently, and many honorable dischargees have suffered unjustly as a result. Foul-ups are easily made and hard to correct.

In theory, SPNs are confidential. But until recently, they were readily available in published armed forces regulations and widely distributed by newspapers and in manuals of groups like the VFW and even in the Red Cross. Some employers have obtained SPNs directly from the Defense Department, although the Pentagon denies this.

According to the *Washington Post*, 85 percent of the personnel departments of big corporations surveyed throughout the country have SPN lists. To avoid this situation, the Defense Department has periodically revised the SPN listings. But this has only complicated matters further. One veteran with an "early out" SPN was shocked to find a personnel interviewer confusing it with a "homosexual" SPN on a new listing. His job application was rejected.

Koch and Wisconsin Representative Les Aspin have been exerting pressure on the Defense Department over a three-year period to have the SPN codes dropped, pressure increased by a federal court ruling earlier this year. On March 23, 1974, Secretary of Defense James Schlesinger reacted: Henceforth no SPNs and reenlistment code numbers would be affixed to discharge certificates; and further, veterans could request eradication of past SPNs.

But there is reason to doubt Schlesinger's ability to do away with SPNs. Since many veterans aren't even aware of their own codes, it's unlikely they would request eradication. And reviewing the SPNs of a possible 8.2 million Vietnam-era veterans would involve enormous expense. At this time, Schlesinger has not answered some important questions: How and where will SPNs be eradicated? How will veterans be contacted? Will only SPNs on administrative discharges be affected, or all SPNs?

By April, when this article was written, Schlesinger was playing his cards close to the vest, promising some clarification by early May. But many experts are leery of a Pentagon staff proposal that SPNs be eradicated arbitrarily from Washington. "Eradication would be left in the hands of the same people who propagated the SPN system for years," says former marine colonel William Corson, who has written extensively about the treatment of returning veterans.

There is another reason to doubt Pentagon sincerity, given veterans' experiences with an earlier gesture of "good will." In January 1971, Melvin Laird, then secretary of defense, responded to press reports of increasing drug usage in Vietnam with a dictum that was widely praised in the press. All bad discharges for drug usage, Laird announced, were to be "reviewed for recharacterization." It was a great idea, but a failure. Nationally, only 19 percent of drug discharges have been upgraded, according to the VFW. Until recently, veterans like Tom W. were still being spewed out of the army bearing SPN 384, "Drug Abuse," on their DD214s.

Tom spent thirteen months on a destroyer off Vietnam during the Tet Offensive of 1968, receiving enthusiastic performance evaluations by all his superiors. Since his discharge, however, he has been denied jobs by six firms and had to drop out of college when he discovered that he probably could never be accredited as a teacher.

Once, while on leave, Tom, who was not a regular drug user, experimented with marijuana and LSD. He later felt guilty and reported it in confidence to his chaplain and base psychiatrist. That confidence was broken, Tom says, and he ended up with SPN 384, and an undesirable discharge.

When he finally discovers his problem, the veteran tagged with a bad discharge or an adverse SPN code is apt to find himself lost in a Kafkaesque maze. There is no one to turn to for an explanation, no one to offer help, indeed, no one even at whom to lash out. "You feel like slugging someone," explains Harry Espada. "But who? A counselor? It's not his fault. The VA? That won't accomplish anything. The whole army? How can you do that?"

For Harry and the others, changing bad papers is an almost hopeless task. (See box p. 61). Experts in discharge upgrading say that by mid-1973 they began to have more success in their efforts. But in 1973 there was only a 16 percent success rate for veterans with bad discharges who applied to have them upgraded. Of the 16 percent who were successful, only 19 percent were veterans with drug-related discharges, and only 11 percent held other than less-than-honorable discharges. And the 16 percent success rate applies only to the several thousand Vietnam veterans with the desire and wherewithal to go through the entire upgrading process. For nondrug cases it can take up to eighteen months, involves the securing of numerous character references and endless army documents, as well as going to Washington.

The great majority of veterans with bad papers, counselors agree, don't even know that their discharges can be upgraded. Many others, when informed of the problems involved, never return to their counselors. They fear yet another bureaucratic merry-go-round.

All kinds of hidden expenses are involved. In New York, the veteran must pay ten dollars to the police department merely to secure evidence that his post-Vietnam crime record has been spotless. Then, for the veteran unable to secure representation from one of the old-line veterans organizations, there's enormous legal fees. The going legal rate in New York, including the trip to Washington, is $1,500.

For a West Coast veteran, the cost of coming to Washington and facing the Discharge Review Board (the navy's board is called "Board of Correction of Military Records") is usually prohibitive. And it's all for nothing in 84 percent of the cases. For years, the Defense Department has been talking about regionalizing the review centers. So far, it's been nothing but talk.

Because their government is failing them, veterans themselves are moving to cope with the discharge-upgrading problem. An evolving network of coast-to-coast veterans' self-help organizations has given discharge counseling of a high priority in solving veterans' problems (see page 64 for list of organizations offering discharge counseling). So far, however, these projects have succeeded in doing little more than increasing the backload of cases awaiting appeal.

In the meantime, the armed forces continue to issue an increasing number of bad papers. One general-discharge category, "For the good of the service," rose from 450 men in fiscal year 1969 to 25,000 in fiscal year 1973. According to the *Army Times*, bad discharges of all types rose as the armed forces began pruning down to the volunteer army in 1972.

The bad-discharge system gives the volunteer army an excellent opportunity to unload "low quality" recruits, particularly blacks. Congressman Koch has written that "if the military pursues aggressive recruiting of the poor to meet its recruitment quotas and then blithely gets rid of those who can't measure up through unfair administrative procedures, more unknowing men and women will be sent back to civilian life worse off than when they came in."

Many veterans experts say that the solution to the bad-papers problem is a system in which all veterans would receive a simple certificate that notes only where and when they served and for how long. Whatever adverse comments the military wanted to make would be kept within the military. There would be no DD 214s.

Under such a system, the veteran would be assured that once he reentered civilian life, his service record would be kept completely confidential, a system employed by almost every other country in the world.

But veterans need immediately a significant change of attitude on the part of the Pentagon and the Veterans Administration. Instead of hiding behind bureaucratic excuses and refusing to deal affirmatively with the bad-papers problems, instead of applying negative labels to those who fought the war in Vietnam, they should be rewarding them for fighting in it at all. One conclusion is inescapable: there will be no peace for those who served in Vietnam until the destructive effects of bad papers are eliminated.

H.R. 15264

HON. J. WILLIAM STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. J. WILLIAM STANTON. Mr. Speaker, in debating the Export Control Act today, I wish to stress that my own

State of Ohio is a large exporter of agricultural commodities. Many of these exporters are members of the American Farm Bureau Federation. I submit for the RECORD a recent letter I received from Mr. John C. Datt, Director of Congressional Relations, American Farm Bureau Federation:

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., July 31, 1974.

Hon. J. WILLIAM STANTON,
The House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN STANTON: H.R. 15264, a bill to amend and extend the Export Administration Act of 1969, is likely to reach the floor of the House later this week. This bill, if enacted, would increase the authority of the Executive Branch to impose export controls on agricultural, and other commodities.

On January 17, 1974, the elected voting delegates of the member State Farm Bureaus adopted the following policy:

"We encourage action at both domestic and international levels to ensure farmers the right to offer their produce for sale on world markets. We oppose any proposal to limit or control exports of U.S. agricultural commodities."

We represent 2.3 million member families and oppose agricultural export controls for the following reasons:

(1) Farmers and nonfarmers alike benefited from an upsurge in agricultural exports to an all-time high of over $20 billion during the 1973–74 fiscal year. Increased output—made possible by export sales—means lower average production costs on farms. This leads to higher incomes for farmers and lower food costs for consumers. A high level of agricultural exports has a favorable effect not only on the net incomes of the producers of the commodities exported but also on the incomes of producers of other farm commodities and the incomes of workers employed in transportation and other export-related industries. The dollars earned by commercial exports are critically important to our country's international balance of payments. Further increases in agricultural exports will be needed in the years ahead to pay for expanding imports of petroleum and other essential raw materials.

(2) Export controls, like price ceilings, deal with the *symptoms* of inflation and divert attention from the need for a direct attack on our economic problems through effective action to reduce excessive government spending.

(3) Export controls involve the compulsory allocation of supplies by government. They cannot do this job as well as market prices. Such controls also are an instrument for politicizing foreign trade policies. They can lead to the allocation of exports for diplomatic and strategic objectives not related to economic efficiency. Politicized trade policies make it impossible for our country and others to gain the full benefits inherent in mutually advantageous trade conducted with a minimum of restrictions.

(4) The imposition of export controls on certain agricultural commodities in 1973 was a disastrous mistake. The long-run result will be a loss of some hard-won markets; many foreign buyers confronted by broken sales contracts have lost faith in the dependability of the U.S. as a source of supplies. As a result, the effectiveness of U.S. representatives in international trade negotiations has been reduced, and it will be harder to persuade foreign countries to lower their barriers to imports of our commodities.

We also oppose export controls on fertilizers, a nonagricultural commodity but one of great concern to American farmers and ranchers. Government price controls were the primary cause of recent shortages of fertilizers. They encouraged exports and reduced imports of fertilizer materials. Export controls on fertilizers would be undesirable because they would lead to foreign retaliation against our agricultural exports and reduce our fertilizers imports.

The Export Administration Act of 1969 should be extended in order to authorize control over exports of certain strategic materials and technology related to the security of the United States. However, we urge you (1) to vote for revision of the Export Administration Act of 1969 to make it abundantly clear that this Act shall not provide authority for imposing export controls on agricultural commodities and (2) to vote against all proposals to impose export controls on fertilizers.

Your support of our position on these issues will be of benefit to urban consumers as well as farmers and ranchers and will be much appreciated.

Sincerely,

JOHN C. DATT,
Director, Congressional Relations.

REPORT ON GREECE IN THE CYPRUS CRISIS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BIAGGI. Mr. Speaker, the eyes of the world continue to focus apprehensively on Cyprus. For weeks the nations of Turkey and Greece have been engaged in open warfare on the island, and the results have already threatened the structure of peace in the world.

Efforts continue to be made to get both sides to negotiate toward reaching a viable settlement of their dispute. I contend that a necessary prerequisite for this agreement is Turkey's complete withdrawal of troops from the island of Cyprus.

It is the responsibility of this Nation as well as all other nations in the world who desire peace to work toward the obtaining of a lasting peace in this troubled area of the world. We must do so before this develops into a major world crisis.

Recently an assistant of mine, Elaine Zessi completed a vacation in Greece. Just prior to her scheduled departure from Greece, the Cyprus problems began and she joined hundreds of other Americans who were forced to remain behind in Greece. Elaine, in the following article describes the transformation of the Greek nation from peace to wartime, and the effect which this had on the American citizens who were forced to remain behind.

CYPRUS CRISIS

(By Elaine Zessi)

During the recent Cyprus crisis, Athens, Greece, could only be described as chaotic, a city totally disrupted of all her civic, private and social institutions. All phases of everyday life were radically rearranged all within a 24-hour period. Soon the peace and calmness of tourist loaded, and fun loving Athens was changed into an expose of national panic, confusion brought about by a full fledged military mobilization and a complete breakdown of communications.

The news of the fighting in Cyprus and the deposing of the government of Archbishop Makarios came suddenly and as a complete shock to the citizens of Athens. On the day it was announced that Turkey had invaded Cyprus, the airport, as all channels of transportation were cloaked in confusion. From the airplane window, as my flight was being recalled to land, I could see the city of Athens being mobilized for total war. The sight of this great city being mobilized was indeed a frightening experience. One could not help but feel a sense of fear and sadness as we observed thousands of young men being abruptly taken from their customary routines and marched off to war and an uncertain fate.

The breakdown of communications was even more frightening. At one point it took 20 to 40 hours before a call could be placed to the United States. The idea of losing immediate contact with the United States was a matter which intensified the fears of most of the stranded American tourists, such as myself.

The United States Embassy soon became a meeting place for many of the American tourists. Although the staff at the Embassy was extremely pleasant, and tried to be helpful, there was in reality very little which could be done for anyone.

The mood of the Greek citizenry was one of both sadness and fear. In the streets young men were seen kissing their wives, girlfriends, children and mothers good bye as they were preparing for induction into the armed forces. It was interesting to note that although many of these men loved their country and her rich heritage, they nonetheless expressed in subtle ways their resentment about entering a war under the leadership of a Government with whom they did not fully accept or believe. It was evident to many objective observers that a country—without a sense of freedom and a sense of total acceptance of its government was not a country effectively ready to engage in war or face any other kind of national crisis. The humiliation of the Greek people seemed to intensify as the news of the Turkish slaughters of innocent Cypriots became known.

Yet, domestic changes were soon to take place in Greece as well. The Caramanlis government, a more democratic and accepted one, returned to power. The response of the people of Athens was demonstrated in spontaneous street celebrations. Thousands of people poured into the streets expressing their uncontrolled joy of this long awaited return to democracy. Ironically, at this time the country was still in the midst of a national crisis, still facing the threat of war with Turkey, yet her citizens were still dancing in the streets, knowing that they would no longer be forced to live under military rule. Here was a classic example of what a return to freedom can do for a nation which has been deprived of it.

It remains the hope of all Greeks as well as those here in the United States that the people of Cyprus can too enjoy a return to freedom as well as the fundamental rights of self determination. Only after the Turks withdraw from Cyprus can this great goal be achieved.

COMPUTER WOES

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. DERWINSKI. Mr. Speaker, Rev. Andrew Greeley, in a feature article in the Chicago Tribune's Perspective sec-

tion of August 6, wove an interesting comparison between the public relations of Amtrak and the good old precinct captain.

I believe that it merits the attention of present day political activists and observers who may have followed the virtues of practical politics as practiced by a good precinct captain. The article follows:

CALL YOUR PRECINCT CAPTAIN

(By Andrew Greeley)

In the bad old days of machine politics—put out of business most everywhere but in Chicago—the precinct captain was a man with clout, a man who knew the right people, a man who could get things done for you. Some of the things might be illegal [a little bribe of a zoning board here and there], some quite legal [getting your sidewalks shoveled in winter or your garbage picked up]; but the precinct captain was a man who knew how the system worked and could make it work for you.

Nobody can make the system work anymore.

You have an Amtrak reservation. Every day for a week your secretary calls Amtrak and asks where the ticket is. And each day Amtrak says they're mailing it today. It never comes. Finally, on the day of your trip, you show up at the station and try to buy the ticket. They tell you that you can't have it. They can't sell you your own reservation because they're protecting your space for you or from you or from an angry computer.

What do you do? If you know someone in the Office of Transportation you get on the horn, raise Cain, and, after hours of delay, they sell you your ticket and you just barely make the train. If you don't know someone, you rent a car.

Your gas company's computer has been billing you for $500 that you don't owe them. You write polite letters, nasty letters, pleading letters, threatening letters. The computer keeps snarling at you. You're all right if you know a vice president of the gas company. If you don't, prepare for the bailiff to arrive at the door to take your car away from you—and for the IRS agent who will be right behind to bill you for that extra $500 in income.

Have you tried lately to get a check from Social Security, have one of the big three fix a brand-new lemon, plead for the delivery of furniture, obtain a loan from the Small Business Administration, get thru customs at Kennedy Airport on a Sunday afternoon, have a telephone installed, obtain a transcript of your academic credits, have someone persuade a mail order company to accept back damaged goods, register at a hotel even with a guaranteed reservation, reason with an IRS man bent on meeting his quota, file an insurance claim?

Like I say, no one can make the system work anymore.

Of course, if you're someone really important, you simply get on the phone to the vice president or the deputy director of the institution involved; there is some chance that he can make the system work for you. Tho you have to be someone very, very important to get that car door put back on that came off during your first solo flight.

But most of us are not all that important. It's not that we want the system to give us something we don't have a right to. We simply want it to do what it is supposed to do. But it won't unless you have clout or know someone with clout.

So everyone needs an all-purpose precinct captain who has contacts in the large bureaucratic structures. We need a whole new occupational category—the professional precinct captain who can deliver all the things we're supposed to be entitled to. If a man is good at the job, he could make a fortune; if he's not good then he'd have to go back to working for the bureaucracies.

There was one really nice thing about the old-time precinct captain: you had something he wanted—your vote. So he dang well had to keep you happy. But the clerk in the government or the large corporation or the mammoth public school system is completely independent of you. So long as he keeps all the rules in his book, he's got a job till 65, no matter what he does to you. You've got nothing he has to have.

So he gives you another number to call, another form to fill out, another window to go to. And you get this after you've stood patiently in line for 15 minutes or waited till he deigns to acknowledge that you are not, after all, invisible and he has seen you standing there.

That's when you call your precinct captain.

POWER TO THE PEOPLE

HON. ANCHER NELSEN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. NELSEN. Mr. Speaker, the phrase "power to the people" has been a popular one over the past few years and it customarily refers to political power. Today, however, I am talking about a different kind of power and that is electric power which we all use all day, every day. In recent weeks I have placed in the RECORD several articles dealing with our need to maximize the use of coal if we truly want to become independent of foreign sources of fuels by 1980. Today I would like to bring to the attention of my colleagues an article that appeared on the front page of the business and finance section of Sunday's New York Times regarding the problems utilities are having in obtaining funds to update and expand their plants and the long-term effects this will have on the supply of power to our constituents.

This article is alarming, Mr. Speaker, for anyone who is looking a few years down the road. I know the article is accurate because recently a small, investor-owned utility company that serves part of my District had to pay 10 percent for $17 million worth of bonds, and a larger, Minnesota-based utility paid a 10.36 percent dividend rate on a $25 million issue of preferred stock. Some of my colleagues know of similar cases in their areas, I am sure.

The article concludes on a particularly grim note that in the future:

The facilities will not be existing to meet the demand.

And in case anyone thinks that is an alarmists' statement the last sentence of the article points out that since the first of the year utility companies have canceled over $2 billion in spending for plant and equipment.

UTILITIES FACE A WORSENING MONEY PINCH

(By Reginald Stuart)

For decades the nation's private electric power companies have been admired by investors for offering dependable returns on investments and by consumers for usually dependable service and cheap prices. The good times have ended though, at least for a while, and the industry is in a state of shock.

For most of the nation's estimated 275 private utilities serving more than 58 million people the prospects are that things will get worse before they get better, with the investing and consumer public both suffering some losses.

Inflation, high interest rates, the decline in consumer demand, environmental actions by the Federal Government and courts, escalating fuel costs and alleged regulatory lags in various states have been cited generally as the basic issues for the industry.

"If these problems are not solved, the country will be in for difficult times in terms of its electrical energy supply," said Prall Culviner, vice president of the Edison Electric Institute, the nation's major organization of investor-owned electric utilities.

For the consumer, the impact of the multitude of problems at utilities has become a conundrum with an edge.

After months of being virtually ordered to cut back on use of electricity, individual citizens and big businesses did indeed do so, in a big way. Demand fell 0.7 percent in the first quarter to 416.7 billion kilowatt hours, despite the fact that the industry was serving 1.86 million more customers. Annual growth of 6 to 7 per cent has been traditional.

But the use decline only spurred utilities to seek—and gradually get—rate increases.

The news for investors has been just as gloomy. Since April 22, the day before the Consolidated Edison Company announced omission of a dividend payment, the value of the average utility share has declined by more than 20 per cent, although the decline in the stock market as a whole has been less than 10 per cent.

In bonds, the problem of generally high interest rates has been exacerbated as rating agencies dropped or downgraded ratings for utility debt. Some 17 companies have been derated so far this year.

The bulk of the electric companies, which once often flashed triple-A ratings and sorted yields of perhaps 9.5 per cent, now carry single A ratings and pay 11 per cent or more at times—if buyers can be found.

On July 17 Georgia Power could find no bidders for its $130-million in bonds or its $60-million in preferred stock.

It took a special arrangement with the Securities and Exchange Commission to put the deal on a negotiable basis and clear the way for the bond sale.

Philadelphia Electric had planned a $100-million common stock offering for mid-September, but that has been postponed.

The common stock of a number of electric utilities is selling at less than half of book value, diluting further the value of stocks previously sold.

"It's like a funeral," said a utilities analyst on Wall Street, referring to the weekly cocktail hours various utility companies have for big investors, bankers and analysts each Wednesday at the Wall Street Club in the financial district.

"There was a time when the bankers, for example, used to come to these parties and try to get in on some of the good deals. But now the bankers are sitting in their offices waiting for the utilities to come to see them."

Money is the big problem. Electric utilities had record operating revenues for the first quarter of this year of $8.5-billion, up 13.2 per cent from the 1973 period, according to the Edison Institute. But earnings declined. Federal Power Commission figures put first-quarter profits at $1,278-billion, down from $1,288-billion.

Another element in the problem equation is the crisis of confidence prompted by the Con Edison dividend decision this spring.

"Despite the fact that more than 20 major electric utilities have raised their dividend in the first half of 1974," said Richard Toole, analyst for Bache & Co., "the one negative action by Con Ed has created a new element of risk in utility investing.

"Even the partial dividend restoration by

Con Ed to 20 cents in the third quarter failed to bring the group out of its fall from favor."

The total vitality of the electric utility is heavily dependent on its ability to provide a good rate of return on investments and on equity.

Traditionally, utilities themselves have provided only about 35 per cent of the funds needed for operations and construction.

According to an in-house study by the Irving Trust Company of "predominantly" electric companies, utilities had planned $18.1-billion in construction this year, with 67 per cent of that money to come from outside sources.

As of Aug. 1, only $5.5-billion of that financing had been completed, leaving 60 percent for the rest of the year. The picture in common stocks is even worse, with shares providing only 15 per cent of the total financing to date compared with 35 per cent for 1973.

To increase their base of financial support—the electric bill—the utilities have stepped up efforts to get rate increases approved by utility regulatory commissions, a very unpopular group in the industry and among the industry's stock market suporters.

"It's a matter of the realists versus the idiots," said Norman Kelley, analyst for the securities firm of W. H. Reaves & Co., Inc.

Recently, Reaves issued an updated report on utilities, something most of the houses have done, in which it said:

"The Consolidated Edison situation is a warning to regulators throughout the country of what may happen in the event of unexpected adversity when a company has been held too close to the edge for too long. It is also a reminder of the problems that result when 'rule or ruin' pressure groups are permitted to exercise unreasonable power (an apparent reference to environmentalists) and when local taxes are exorbitant."

So far this year utilities have received approval of 82 applications for rate increases for an estimated $1.2-billion, and they have pending another 169 applications worth $2.7-billion.

But company officials say the increases are inadequate and accuse regulators of "regulatory lag." The lag, between the time a rate increase is requested, and the time it is acted upon, ranges from several months to a year in some states.

Lobbying efforts have been building up in two camps—consumers, who see the regulatory agencies as working in the public interest, and utilities who see the same agencies also protecting shareholder investments and providing the financial ability to grow.

"We are caught in the worst crossfire in the history of regulation," said Paul Rogers, general counsel for the National Association of Regulatory Utility Commissions. "Consumers and environmentalists call it due process when the commissions take time in making decisions, and the utilities call it regulatory lag."

It's a debate of the "too little too late" groups versus the "too much too often," said Mr. Rogers. He noted that in New York and Rhode Island Public Service Commission hearings have had to be suspended because "consumer groups took over."

It has also been politically advantageous to be anti-utility. In Tennessee, Bob Clement, a young Democrat, ousted an 18-year veteran commissioner on the platform of bringing the Tennessee Commission back to the consumer. The same happened this year in an Alabama Democratic primary.

Despite the opposition, the utilities insist that they need increased revenues—in large amounts and in a hurry. They have received substantial support from the Federal Government in recent months, particularly from the Federal Energy Administration which has been writing letters to governors and utility commissioners stressing the need for immediate action.

But this support has not been as consistent as the utilities wish, primarily because of the fluid situation politically in Washington.

The Federal Energy Office recently called off its Aug. 13 rally for Federal officials, utility representatives and members of regulatory commissions. Within hours the meeting was back on, but under the auspices of the Treasury Department on Aug. 16.

With the resignation of Richard Nixon as President coming after that, the likelihood of this forum being changed again has grown.

Probably the only optimistic note for the utilities industry to come from Washington last week was an indication from close associates of President Ford that his economic policy is likely to differ from that of Richard Nixon's, and that utilities are likely to be on the priority list of industries receiving some sort of relief.

State regulatory agencies have allowed greater use of the interim rate increase based on projected use rather than historical experience. And "fuel cost pass on" clauses have softened the impact of escalating fuel costs, especially for coal, which accounted for about 50 percent of the raw material used to produce electric energy last year, and oil, which accounted for another 23 percent.

Even with success at the doorsteps of the regulatory commissions, the problems of the utilities would only be half over.

"What needs to be done is . . . to control inflation," said Mr. Rogers of the regulatory organization. Interest rates must go down, he said, followed by some leveling off in the costs of construction, since the industry is capital intensive.

If there is a rope choking the investor-owned utilities, it is likely to get tighter in the near future before it loosens up. Although energy consumption has declined, industry analysts contend that the conservation feeling is wearing off and that many Americans will probably seek to get warmer next winter to make up for the cold nights of last winter. The analysts feel that industry will continue its expansion and that the demand for electric power will return to its normal growth rate of 6 to 7 per cent annually by early 1975.

Should that be the case, it will happen at a time when the coal stockpiles and energy reserves will likely be at their lowest levels, a national coal mine strike could possibly be in effect and new Federal environmental standards may be on the verge of being implemented to prohibit the use of almost one-third of the coal now being mined for energy purposes in the United States.

Shelved construction programs could add up to future shock in the utility business, if energy needs develop as fast as the companies say. The facilities will simply not be existing to meet the demand.

And the possibility is not as odd as it may first appear. Since the beginning of the year, investor-owned utilities have reported reductions in 1974 spending for plant and equipment totaling more than $2-billion.

SELECTED ELECTRIC UTILITY STOCK PRICES SINCE CON EDISON DIVIDEND OMISSION

Prices rounded to nearest dollar]

	Prices and market value		Prices as of Aug. 8, 1974
	Apr. 22, 1974	Amount (thousands)	
Allegheny Power	$18	$491,256	$16
American Electric	24	1,752,000	17
Baltimore Gas & Electric	22	539,683	15
Central South Western	15	706,770	14
Commonwealth Edison	28	1,385,000	24
Consolidated Edison	18	1,108,000	8
Detroit Edison	16	731,968	10
Duke Power	17	735,267	12
Florida Power & Lighting	21	715,050	18
General Public Utilities	18	775,008	11
Houston Lighting	24	522,048	23
Middle South	14	619,906	12
Ohio Edison	18	516,510	16
Pacific Gas & Electric	23	1,507,000	22
Pacific Power & Lighting	20	461,920	18
Philadelphia Electric	17	890,732	13
Public Service Electric & Gas	19	1,020,000	14
Southern California Edison	19	826,215	18
Southern Co	16	1,300,000	12
Texas Utilities	18	1,008,000	20
Virginia Electric & Power	14	712,516	9

Source: Bache & Co. Inc.

SELECTED CAPITAL EXPENDITURE CUTBACKS (JANUARY 1974 TO DATE)

	Amount cut (millions)	Period
Arizona Public Service	$63	1974–76
Carolina Power & Light	410	1974–76
Commonwealth Edison	300	1974–78
Consumers Power	160	1974–75
Detroit Edison	74	1974
General Public Utilities	400	1974–76
Niagara Mohawk	141	1974–75
Potomac Electric	345	1974–77
Public Service Colorado	65	1974
Virginia Electric	100	1974

WHAT TO EXPECT FROM THE CONSUMER PRODUCT SAFETY COMMISSION

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. LANDGREBE. Mr. Speaker, Mr. Richard Simpson, as you know, is Chairman of the Consumer Product Safety Commission, an independent agency created by Congress in 1972. That Commission has been called probably the most powerful independent agency ever created by Congress, and I am inclined to agree with that assessment. Recently, Mr. Simpson gave a speech to the Comstock Club in Sacramento, Calif., in which he listed a number of things that "the public should expect and insist on from the Consumer Product Safety Commission." I would like to quote from this list provided by Mr. Simpson and add a few comments of my own.

The first item on the list is, "You should expect all who come before the Commission to get a fair shake." In one sense of the word "expect," I do expect this, but when one considers the powers the Consumer Product Safety Commission possesses, and the past exercise of those powers, one cannot expect that all will get a fair shake. I offer the example of the ban placed on spray adhesives last fall by the Commission, and the lifting of the ban early this year after the Commission was forced to admit that the evidence needed for such a ban was lacking. The ban was in force approximately 6 months.

Or, take the case of the Marlin Toy Products Co. of Horicon, Wis. That com-

pany suffered a great loss simply because some of its products were mistakenly included in the Commission's list of banned products. I would hardly call that a fair shake.

The second item on Mr. Simpson's list is, "You should expect that our regulations are clear and unambiguous."

May I quote from a recent Commission regulation on bicycles?

(a) Retroreflective tire test. (Ref. § 1512.16 (h)).

(1) Apparatus. Arrangements for the reflective intensity measurement shall be as shown in figure 3. A light projector (having a maximum lens diameter of D/500, where D is the distance from the source to the sidewall being measured) capable of projecting light of uniform intensity shall be used to illuminate the sample. The light falling on the sample shall have a color temperature of 2856 K±10% (equivalent to a tungsten filament lamp operated at a color temperature of 2856 K±10% having approximately the relative energy distribution given in table 4). The light reflected from the test surface shall be measured with a photoelectric receiver, the response of which has been corrected for the spectral sensitivity of the average photopic human eye. . . .

(iii) Measurement. Measure the distance from the receiver to the specimen (the minimum diameter of the unmasked reflective strip). Measure the illumination incident on the reflective strip at uniform intervals of no more than 45° around the wheel, with the receiver oriented in the direction of incident radiation. . . . Compute the ratio A for each combination of entrance angle and observation angle listed in table 3 as follows:

$$A=\frac{E_r}{E_i}\times\frac{d^2}{r}$$

The average reflectance factor $\overline{P}$ of the sidewall measured over 0.02 m. (0.79 in.) radial strip shall not be less than:

$$\overline{P}=\frac{100}{1+\left(\frac{\phi}{0.225}\right)^{3/2}}$$

Another item on Mr. Simpson's list of things we should expect from the Consumer Product Safety Commission is, "You should expect us Not to substitute regulation by news release for regulation by law." Here I mention only the Commission's reliance on adverse news releases in the spray adhesives case, the Commission's listing of products on its banned products list which had not in fact been banned officially, and its handling of the Weldex (Houston, Tex.) Co. case.

Perhaps the item on Mr. Simpson's list of what the consumers should expect for the consumer Product Safety Commission that is most certain is "a liberal interpretation of laws we administer—we will not arbitrarily restrict our jurisdiction by narrow interpretation of the law."

Loosely interpreting the law is a habit with the Commission. It has claimed, at various times, power over cigarettes, despite the tobacco exemption written into the Consumer Product Safety Act; and power over firearms ammunition, despite the firearms exemption written into the law. Self-restraint is not something that one may expect from the Commission at all.

Mr. Simpson's last item in the list of things to be expected from the Commission is simply, "You should expect us to be held accountable for our actions as well as our inactions—with *No Copouts*"

Mr. Speaker, that is one thing that I do expect of the Commission and of every other Government bureau established for the purpose of "harassing our people and eating out their substance." I only hope that the entire Congress will hold the Commission responsible for its actions and inactions and pass my bill to eliminate the Commission entirely.

U.S. ARMS SALES POLICY

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. DENT. Mr. Speaker, it is no secret that when India and Pakistan fought, and when Israel and the Arab nations fought, arms were supplied to all sides by the American Government, and in some instances, by the British and French. This was a great economic aid for the opposing armies since the weapons and ammunition were tranferable.

Right now there is a buyers' market taking shape in arms because of new wealth and old rivalries, and the fierce competition between the United States, Soviet Union, England, France, and West Germany. However, the No. 1 supplier by a good margin is the United States.

In the last 4 years, the U.S. strategic shipments have approached $20 billion in contracts, many of which are financed by Eximbank moneys and other forms of loans. On top of this, there was a giveaway of $8 billion to Israel and Vietnam. This total of $28 billion, over a span of 4 years, was greater than the total amount sold between 1950 and 1970. In the last 12 months, we have sold $8 billion worth of strategic materials.

When such sales are discussed or criticized, they are immediately met with the arguments that the United States needs the balance of payments in order to buy oil and minerals that we require.

Does any Member of Congress believe that we are actually adding to our balance of payments by selling $20 billion worth of any export? Surely, no person in this room is naive enough to believe that we can take off a 40 percent profit on $20 billion worth of products sold in a cutthroat, competitive market. In the end, our sales of military goods cost this Nation much more than the $8 billion because our State Department rushes to the controversy with blank checkbooks. For instance, we recently wrote off a loan to one of the participants of the war in the Mideast and made a gift of more than $200 million with a commitment for further direct and indirect sales and aid.

One country was granted relief money in unknown sums, as well as nuclear capacity. Another was promised major expenditures for internal programs that they could well afford themselves, being one of the most oil rich countries in the world. The string is without end and you can trace much of it back to strategic sales.

How many nations in the world would be equipped for massive military operations if the major countries producing weapons would have placed an embargo on shipments? The proliferation of nuclear information and capabilties is part of the new arms race, regardless of how loudly we invoke the hymn "for energy and peaceful purposes only."

As I understand it, our arms shipments to these countries were for defense uses only. I remember when we outlawed the use of BB guns in my home State years ago. We were assailed by the manufacturers who maintained that the BB gun served many purposes. One stated purpose was that acquainting young Americans with the use of and familiarity with weapons that someday they might have to use to defend our country. Also, the economies of their industry demanded that the sales be maintained.

If we would have followed the same philosophy in economics that we follow in the shipment of arms to foreign countries, we would have given each child a gun instead of making it illegal.

We are still spending, through many agencies, billions of dollars for the developing nations and yet there is convincing proof that military equipment, a nonproductive commodity, is being paid for from the new wealth of these nations.

While thousands face starvation because of inadequate food supplies, their governments are paying inflated prices for weapons. There is no question that new regional arms races have been created which, in turn, feed the demand for new and modern equipment.

At one time the foreign market for strategic materials was limited to second-hand and obsolete weapons. Today, the most highly classified conventional weapons and technology are being sold by the United States. Iran, which is wealthy in oil but still receiving aid in some fashion from this country, will get their weapons delivered simultaneously with those new models that our Armed Forces receive. Iran even made arrangements for coproduction with certain U.S. manufacturers.

Former Secretary of Defense, Melvin R. Laird, who at one time supported the decision of arms sales, has had second thoughts about the matter. Mr. Laird wrote the foreword for a study entitled: "Arms in the Persian Gulf," in which he states:

> While providing armaments to Third World countries may often be a positive short-term measure, it must be accompanied by diplomatic activity so that massive military assistance and/or large weapons sales do not become a standard long-term policy.

Dale R. Tahtinen, the author of the study and an associate of the American Enterprise Institute for Public Policy Research, was appalled at the Iranian supply decision. I feel that this study would be worthwhile reading for my colleagues, especially the following excerpts:

> At this time, the military balance of power in the Persian Gulf leans heavily in Iran's favor, and the gap appears to be widening.

This, however, does not decrease the likelihood of war. In fact, as the last two Arab-Israeli conflicts have demonstrated, the possession of highly sophisticated weapons by potential belligerents in explosive situations enhances the possibility that disagreements will be settled by fighting instead of diplomacy. Furthermore, with the advance military hardware has come greater superpower involvement in the Gulf, and a concomitant increase in the danger of military confrontation between the United States and the Soviet Union (which supplies Iran's rival, Iraq).

This danger would reach a particularly high level if fighting were to erupt between the client states. Thus it seems imperative that the United States should review the pattern of its military policy in the Persian Gulf.

Two international agreements with conventional arms control provisions—the Korean armistice agreements of 1953 and the Indochina ceasefire agreements of 1973—have been repeatedly breached.

Fresh approaches are required. One possibility is a serious attempt to achieve a NATO-wide agreement limiting competition to sell advanced military equipment. This would do much to alleviate the current rush to conclude advantageous deals with Arab states. But in the long run it will be necessary to include the Soviet Union and other Communist states in an agreement on conventional arms transfers.

WHO GOVERNS AMERICA'S PUBLIC SCHOOLS?

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. ASHBROOK. Mr. Speaker, a major battle is shaping up over who governs America's public schools. Lately, we have heard demands for teacher control of American education. Catherine Barrett, past president of the National Education Association, has stated:

> We are the biggest striking force in this country and we are determined to control the direction of education.

I believe it is a serious mistake, however, to think just in terms of teacher power. Active participation in the decisionmaking process by the public is absolutely essential for a successful education program.

Educators cannot force people to support education at any level. People support education with their tax dollars because they perceive it to be in the best interest of the Nation's children. The more we diminish the role of the public the more we create a disinterested public and weaken the cause of education.

Consequently it is with great interest that I read the recent report by James Guthrie, associate professor of education at the University of California. Guthrie's report, entitled "Public Control of Public Schools: Can We Get It Back?" contends that "population growth, urbanism, school district consolidation, and the unionization of teachers have combined subtly, but steadily, to erode the public's control over its schools."

I believe this study is useful reading for anyone interested in the question of who governs America's public schools. Following is the text of the Guthrie report:

PUBLIC CONTROL OF PUBLIC SCHOOLS: CAN WE GET IT BACK?

(By James W. Guthrie)

INTRODUCTION

Who governs America's public schools? Conventional wisdom and democratic ideology hold that the social services crucial to the public's welfare and survival should be subject to the public's will. Schooling is no exception. The United States has a long history of citizen control over public education, but since World War II the balance has shifted markedly. Changes such as population growth, urbanism, school district consolidation, and the unionization of teachers have combined subtly, but steadily, to erode the public's control over its schools. The erosion seems general, although it varies among local school districts.

It has become apparent recently that the public's consciousness has been raised. Numerous citizens groups have been formed expressly to regain a meaure of power and influence over the schools. Through what reforms can these citizens restore control? What are the conditions that led to loss of public power in the first place?

These are the major questions to be treated, after a brief description of the magnitude of the public school enterprise; they are intended to demonstrate that the issue at hand is control of a major portion of the nation's entire public sector. Few outside the education profession realize the awesome extent and range of American education.

THE MAGNITUDE OF PUBLIC SCHOOLING[1]

Once only the children of an elite few were educated, but now elementary and secondary schooling is practically universal in this country. In the 1972–73 school year, there were 51.1 million enrolled children between the ages of five and seventeen. Of this number, 50.8 million were enrolled in grades kindergarten through twelve. More than 90 percent of these were in *public* schools. To serve this school population, almost 3 million classroom teachers and other educational professionals are on the public's payroll. Thus educators and their families now account for a larger segment of our population than the historically powerful farm bloc. Moreover, they are becoming as well organized as agriculture, with all the implications that such capability portends in political influence.

EXPENDITURE

It takes a lot of money to support such an operation. Total 1973 school expenditures were almost $52 billion exclusive of construction costs.[2] This is approximately one half of all local government expenditures. Accordingly Americans spend about as much local money for schools as they do for *all* other local services combined: e.g., fire, police, safety. In addition, the price of education has been increasing rapidly. In 1940 the national average expenditure per pupil in grades kindergarten through twelve was $100. The equivalent figure today is $1,000 per pupil. Even discounting for raging rates of inflation, real dollar increases in school expenditures have escalated fivefold in three decades. These increases outstrip growth in our Gross National Product. Moreover, even though the rate of increase is likely to slow in the next several years, the U.S. Office of Education predicts that public elementary and secondary expenditures will exceed $70 billion by 1982–83. No other major industrialized nation has seen fit to invest so heavily in the public schooling of its youth. Thus, it is somewhat ironic that, in the face of such faith and commitment, the public should increasingly be denied a say in how schools are run.

Footnotes at end of article.

EROSION OF CITIZEN CONTROL

Our thesis is simple. The public no longer completely controls one of its major institutions, the schools. This loss of power has not been the result of any simple process, or set of recently evolved conspiracies. Moreover, not all parts of this power shift are unique to public education. In some ways, bureaucratization and the blighting concept that "bigger is better" have drained citizen control from many branches of government. But few endeavors are as crucial as schools to the maintenance and cohesion of society. Consequently it is essential to understand the forces eroding the public's ability to shape public education.

POPULATION GROWTH

Early development of America was dominated by small towns and face-to-face communication; close personal contacts were the rule. The school was frequently the focal point for town activity: meetings, government functions, and social events. Each town was legally constituted as a school district with a board of school trustees having widespread responsibilities. They were expected to hire and fire the teachers, maintain the school physical facilities and equipment, order supplies, and keep accounts. Then, there were no professional school administrators to whom such duties could be delegated.

PROLIFERATION OF DISTRICTS

As our population grew and moved westward, the number of school districts proliferated. At the peak of their expansion, in the late 1800's, there were more than 100,000 operating school districts throughout the nation. These were by far the most numerous units of government. Initially, school boards tended to be comprised of three members. In time, the modal number grew to five. By 1900, the ratio of trustees to citizens was one to 200. It was quite possible for a district's trustees to outnumber its teachers or perhaps even its pupils.

"CLEANSING" AND CONSOLIDATION

The transition to the twentieth century was marked by a great cleansing of local government, including education.[3] The "muckrakers" found that schools came in for their share of poor management and corruption. This was particularly true in our largest cities, where schools frequently were under the control of ward-based political machines. Teaching jobs and school construction contracts were a regular part of the widely accepted spoils system.

Reformers had a dramatic impact upon schools then, and their influence is still felt. In order to insulate schools from the "evils" of partisan politics and to gain greater efficiency, a move was begun to consolidate schools into larger districts, to have citywide central school boards, and to rely more heavily on professional school administrators.

The school district consolidation movement has been remarkably effective. By the Fall of 1962, the number of districts had been reduced threefold to only slightly more than 33,000. In the following decade, the number shrunk even further to its present 16,000 (approximate). Thus, one of the largest and perhaps most important local governmental changes in our nation's history—a five or sixfold reduction in public school districts—has gone virtually unnoticed.

Consolidation of school districts, and the consequent reduction in numbers of school boards and school trustees, occurred during a vast population increase, especially of urban population. While large numbers of school districts were being consolidated out of existence, the citizenry grew by approximately 70 million people.

Consequently, where a school board mem-

ber once represented about 200 people, today each board member must speak for approximately 3,000 constitutents.

The variation around this mean is wide, and in cities such as New York and Los Angeles, each trustee must translate the will of literally millions of his fellow laymen. In general, school board members are now but a minuscule group relative to the size of their constituency, students, and staff. Their ability to sense and articulate the values and desires of their constituents, and translate them into policy, has correspondingly dwindled.

DEPOLITICIZATION, BUREAUCRATIZATION, AND UNIONIZATION

Turn-of-the-century governmental reformers believed strongly that political machines, bossism, and local corruption were caused by an excess of democracy. By permitting cities to be organized on the basis of subunits and wards, unscrupulous politicians had too many opportunities to rise to power. The answer was to centralize many governmental functions into city wide systems. Thus the reformers hoped to attract higher caliber public servants by increasing the visibility, responsibility, and honor attached to public service. In large measure, for municipal services, these reform efforts were successful.

Education in particular was to be insulated from partisan politics. Ward school districts gave way to centralized city school boards that were held separate from city councils, the mayor's office, or other bodies of general government. Schools were to have their own special government outside the sphere of politics.

Further, separate election procedures and qualifications were established for school board members. In many places, school trustee candidates were prohibited from running as members of a political party. Furthermore, school board elections were moved to "off years" and "off months" so as not to coincide with other elections. In addition, school boards were given their own taxing power, presumably free from even the slightest taint of partisanship.

THE BUSINESS MODEL

To ensure further that schools were not tied to petty political wheeling and dealing, reformers advocated the appointment of "professional" school managers, trained experts in the operation of schools. Schools were to model themselves after businesses. All decisions were to be based on expert managerial judgment, and managers were to meet criteria of efficiency and productivity. Once they had evolved broad "corporate strategy," school board members were not supposed to interfere in the running of schools any more than a group of stockholders or business board members would think of telling a plant foreman or manager how to fix a broken machine. The new ideology drew a line between policy setting and administration, and laymen were not to cross over into the sacred, politically sanitized realm of professional school administration.

As enrollment increased, the idea of a cadre of trained professional school administrators was attractive for several reasons. The growth of cities combined with the elimination of many small, ward-based city districts, meant that school board members could no longer act as executive officers. Control problems had simply begun to exceed their managerial grasp, and it made good sense for professionals to run the school in accord with board-established policies.

EXPANSION OF STAFF

As numbers of students increased, numbers of teachers, counselors, and other employees increased as well. Such expanded staffs demanded, in turn, more school administrators. Thus, there began to evolve a bureaucracy of school professionals whose ostensible function was to translate board-determined policy into the details of educational practice. One outcome was the interposition of several layers between school board members and the classroom teacher. Such bureaucratic entities include, for example, the superintendent of schools, his immediate staff, and assorted other "central office" personnel concerned with accounting, supplies, curriculum coordination and personnel matters. On individual school sites, the administrative hierarchy may consist of a principal and several intermediaries above the level of teachers and students.

ALIENATION OF TEACHERS

Bureaucracy and bigness have not only reduced the potency of public policy makers, but also severely curtailed teachers' feelings of efficacy. As school systems grew and came under the dominance of expert managers, teachers lost their ability to communicate freely with their employers, school trustees or even with the superintendent and his staff. In most schools, the principal was still available to teachers, but his power had become so severely eroded that he was seldom able to comply with a teacher's request or resolve grievances. The frustration was heightened as city schools became more populated by children from low income households and minority groups whose backgrounds and values were frequently at odds with those of middle-class teachers. Under such circumstances, teacher alienation became more real and more intense. Who would hear the teacher's voice? How could teachers begin to participate in the decisions that affected them so immediately?

The answer was "unions," or unions under a different name. By banding together, threatening to withhold their services and to engage in collective bargaining, teachers became a potent force. Public sector bargaining is frequently illegal, and almost nowhere are teachers granted the statutory authority to strike. Nevertheless, teachers do bargain and, on occasion, strike. The outcome has frequently been complicated by sets of contracts that specify working conditions, transfer procedures, pay, hours of work and classroom duties. Whereas they were once relatively voiceless vassals, teachers' organizational spokesmen frequently are as powerful now as a district's professional administrators. A big city board could not conceivably enact and implement a new policy without the consent of teacher spokesmen. In effect, teachers have been accorded veto power over school board policy making.

The rise in "teacher power" occurred after World War II, when many middle class citizens were moving from cities to suburbs, and minorities in the cities had not yet achieved a high degree of political awareness. Consequently, a political power vacuum was created into which teachers moved. Their ascendancy was aided by the very reforms that in an earlier era had been designed to limit citizen participation and to improve the schools.

PUBLIC'S DWINDLING VOICE

By the beginning of the 1960's, with the efforts at depoliticization, the growth of administrative bureaucracies, and the escalation of teacher power, the public's ability to express its will regarding school policy had become badly diminished.

What difference has it made that lay decision makers now have substantially less authority than they once had? Answers are difficult. There are so few indicators of how schools are performing that it is hard to know if they are doing a better or worse job today than previously. The absence of baseline indicators and a commonly accepted measure is itself symptomatic of the problem. Professional educators have steadfastly resisted means by which school productivity could be measured. Teachers and administrators have rightly recognized that the measurement of school outputs would be a strong lever by which lay policy makers could recapture control of school operation.

SCHOOLS IN MONOPOLIES

School costs provide one of the few available measures of citizens impotence in policy setting. In private sector bargaining, both sides realize that if a wage settlement is so high as to render a manufactured product uncompetitive, it will cost management profits and labor jobs. No such market pressures exist in public sector bargaining. Schools are in effect monopolies whose customers are guaranteed by compulsory attendance laws. Consequently, educational personnel costs have increased faster than overall economic growth and faster than comparable occupations. Moreover, as suggested earlier, few if any gains in productivity have accompanied such salary increases.

UNIFORMITY AND STANDARDIZATION

An additional price of depoliticization appears to halve been uniformity. Under the aegis of professionals, teachers and administrators, schools have become standardized to a remarkable, some say oppressive, degree. Seldom do schools admit to the real diversity of tastes and values among their clients. If a large body of technical knowledge existed to support the rigid prescription of professional behavior, then the exclusion of lay voices regarding the nature of schooling might be better justified. However, in the absence of such scientific underpinnings for schooling, it would seem more reasonable, and ultimately more productive, to permit wider choice in the styles, modes of operation, and instructional strategies of schools.

The promotion of conflict appears to be another consequence of the erosion of lay control. Parents' and other citizens' inability to make their wishes heard provides an incentive to aggregate demands until complaints are sufficiently loud and pressing to be heard. Moreover, because individual teachers and administrators frequently have no power to alter the situation, it may be necessary to escalate the demand all the way to the school board in order to have it acted upon. Small wonder that the media increasingly portray parents petitioning and picketing board members. Citizens fear that they will go unnoticed otherwise.

WHAT CAN BE DONE?

Though by no means a revolution, there is a substantial hint of reform in the air. Many of these change efforts show promise of taking root and appear worthy of careful scrutiny by policy makers. These changes are characterized by two basic features. First, an effort has been made to reduce the size or redefine the basic management unit of schooling so as to restore personal contact and clarify who is responsible for what. Second, lay participation has been increased either by injecting an element of the market place into school decisions or by enlarging the number of citizens who determine how schools should be operated.

Examples of such reforms are to be found in every region of the United States. Because space does not permit a detailed description of each, we will concentrate on two of the more interesting illustrations: a "Voucher" experiment in Alum Rock, California and School Site Governance in Florida.

VOUCHERS

The voucher experiment to assess the consequences of consumer choice in education, is taking place in the Alum Rock school district near San Jose, California. Financial support is provided in part by the federal Office of Economic Opportunity (OEO). The Rand Corporation and other agencies are seeking to determine the degree to which the experiment increases parent satisfaction, diver-

sity of school offerings, teacher morale, and student performance.

In brief, the voucher plan operates as follows. For each child they intend to enroll in public schools, parents are accorded a "coupon" equal to the price of schooling.[5] This chit is then redeemable at the school selected from about two dozen choices. The problem of proximity to a child's home is in part solved by dividing each school building into several subunits (mini schools), each with a different instructional style, tone, or theme. For example, some schools emphasize the 3 R's and basic school offerings. Others have "open classrooms" in which instruction is substantially more informal. Yet other schools may emphasize the dramatic arts, science, or cultural pluralism.

The budget for a particular school (or mini school) is a function of the number of students who choose to attend. Revenues from vouchers purchase the services of teachers, counselors and other staff. (Parent choices are made sufficiently early in the preceding school year to permit orderly staff planning to take place.) If a school's enrollment decreases, it loses revenues and must decrease its staff. Conversely if enrollments increase as a consequence of parent choice, the school obtains added resources. The funds purchase either goods or services; students can be taken for field trips, guest artists and lecturers can be brought to the school, teacher aides and teachers can be hired.

The Alum Rock experiment is only now concluding its second year and it is too early to assess its overall success or failure. However, it is already clear that, when given a choice, parents will choose schools other than those assigned to them. Moreover, if dissatisfied, they will move their children. Consequently, some schools are oversubscribed and others are short of students (and funds), thus providing clear signals as to which schools are judged "good" and those that are in some fashion found wanting. Under these conditions, professional educators appear to intensify their sensitivity to the lay public by whom they are employed.

SCHOOL SITE GOVERNANCE (GOVERNANCE OF INDIVIDUAL SCHOOL PLANTS)

In 1973 the Florida State Legislature adopted a far reaching, but not quite radical, set of reforms intended to reinforce the responsiveness of schools to the public. The Florida Plan in the ideal has several crucial components. First, it declares the individual school site to be the basic unit for educational management, in recognition of the fact that school districts typically are such large units as to mask in their averages the performance of any individual school. Conversely, individual classrooms and teachers are too small as units for evaluation of performance. Today students have more than one teacher during the course of a day or week.

Second, each school site is provided with an elected Parent Advisory Council (PAC), with numbers proportional to the school's enrollment. Among the council's duties are the selection, in cooperation with the school district board of trustees, of the school's principal. Principals are then placed on contract, with renewal substantially influenced by the PAC.

The principal is clearly designated as the manager of the school, and selects the school staff. The principal may take the advice of the PAC regarding kinds and characteristics of teachers, but the actual selection is exclusively the principal's function. Similarly, the PAC can advise with regard to such concerns as curriculum and school discipline.

Each school district is responsible for keeping its fiscal accounts on a school-by-school basis. This permits parents, school personnel, and policy makers to assess the way resources are allocated. (Previously, Florida, and most other states, have had difficulty with funds "leaking" away from uses intended by the legislators or school board.) Under ideal circumstances, money due a school site arrives in a lump sum, with its allocation determined by a principal, school staff, and PAC.

Each school publishes an annual Report of School Progress. This document includes measures of the school's and pupils' performance during the year; it is published in local newspapers, sent home with each student, and prominently displayed in the school building. Under ideal conditions, this Report gathers basic data for districtwide and state needs.

The ultimate objective of the Florida Plan is to permit citizens to have a greater role in policy setting, to provide them with the data necessary for wise judgments, and to make it clear which professionals are responsible for implementing their decisions. As with Alum Rock, it is too soon to determine the degree to which the reforms will make a difference. However, there are hopeful signs. The Legislature permitted a generous phase-in period. In order to comply, each district needed to adopt the slate of reforms for only one of its schools during the initial year of implementation. However, somewhat surprisingly, given the intensity of some of the changes, a number of school district boards mandated that every school within their jurisdiction adopt all the reforms in the first year. Apparently, when provided with the opportunity, such districtwide lay school board members recognized the wisdom of expanding public participation in the control of public schools.

CONCLUSION

In schools as in other forms of governance, each generation must recognize that reform is needed. As we have seen, governmental corruption and population growth led to earlier moves for increasing professionalism, centralization and bureaucracy in the schools. These developments spawned alienation on the part of teachers and loss of responsiveness of schools to the electorate. Now reform efforts are moving toward specification of responsibility, increases in diversity, and expansion of choices for parents and students. Although the outcome is still unclear, the new wave of school reform may demolish at least some of the current roadblocks to improved public education.

FOOTNOTES

[1] The following figures are from *Statistics of Trends in Education 1962–63 to 1982–83* (U.S. Government Printing Office, January 1974).

[2] When non-public schooling and higher education are added, the dollar total is a staggering $89 billion.

[3] The history of this transition is described well be Joseph M. Cronin in *The Council of Urban Schools* (New York: The Free Press, 1973).

[4] The article by Leonard Merewitz and Stephen H. Sosnick, "Public Expenditure Analysis: Some Current Issues," *Public Affairs Report*, 14(5) (Berkeley: Institute of Governmental Studies, University of California, 1973) contains an excellent explanation of the utility of quantitative measures in the assessment of public sector activities.

[5] The experiment was deliberately limited to choices of public schools so as not to risk violation of the First Amendment prohibition regarding separation of church and state.

NOTE TO READERS

The first 12 years of the *Public Affairs Report* have been compiled in two bound volumes:

Harriet Nathan and Stanley Scott, eds. *Emerging Issues in Public Policy: Research Reports and Essays 1966–1972* 200pp 1973 $11.00.

Emerging Issues in Public Policy: Research Reports and Essays 1966–1972. 200 pp 1973 $11.00.

California residents add 6% sales tax; residents of Alameda, Contra Costa and San Francisco counties add 6½% sales tax. Books are available from the Institute of Government Studies, 109 Moses Hall, University of California, Berkeley, California, 94720.

COMPULSORY SEATBELTS AND COERCIVE GOVERNMENT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. CRANE. Mr. Speaker, it was the belief of the Founding Fathers that the primary function of government was to provide an atmosphere in which men and women would be able to make the important decisions in their own lives without outside interference. One man's right, they believed, ended where another man's right began. Government's function was, in effect, to be a negative one, to oppose those who would interfere with freedom.

Today, however, the most significant interferences with freedom in our society come from government itself. Today, government believes that it is its responsibility to look out for the "good" of its citizens and coerce them into acting in a manner which government believes is appropriate.

Freedom, Justice Brandeis once said, is never taken away except for a good reason. Government has found many allegedly "good" reasons to whittle away our freedoms.

One recent example is the edict of bureaucrats at the Department of Transportation compelling automobile manufacturers to install seat and shoulder harnesses in 1974 cars which must be buckled before the cars will start. Thus, individuals are forced to buckle themselves into their seats—whether they want to or not.

Now, a bill has been introduced by Senators JAMES BUCKLEY and THOMAS EAGLETON to make the seatbelt interlock system optional rather than mandatory. It is ironic that the elected representatives of the people must propose legislation to reverse edicts made by nonelected bureaucrats. This is one example of how our system has been changing.

Senator EAGLETON declared that:

It is one thing to protect society against the imprudent or criminal acts of an individual. But it is quite another to attempt to protect the individual against himself.

Discussing the Eagleton-Buckley proposal, the Chicago Daily News noted that:

The philosophical argument is impressive. This is surely a case where the government is saying, "Do this for your own good—or else". . . . The fact that seat belts can save lives is not in dispute. They can and do. They should be used. But failure to use them harms no one except the person who chooses

not to buckle up. Mandating seat belts puts the government in the business of protecting people from their own folly against their will and charging them for the service, which is precisely what Eagleton called it: "big brotherism."

A year ago I cosponsored similar legislation in the House. Only yesterday, this proposal was attached to the motor vehicle and schoolbus safety amendments and passed by the House. With bipartisan support in the Senate, I am hopeful that this provision will soon become law.

I wish to share with my colleagues the editorial, "The Drive To Unbuckle," from the Chicago Daily News of August 5, 1974, and insert it into the RECORD at this time.

THE DRIVE TO UNBUCKLE

The grumbling over the 1974 cars—which refuse to start until a seat-and-shoulder harness is fastened—has now reached into Congress. A bill introduced by Senators James Buckley and Thomas Eagleton would make the seat-belt interlock system optional rather than mandatory.

This seems an unlikely pair to collaborate on a Senate bill: the Conservative Republican from New York and the Missouri Democrat who almost was the vice presidential candidate in 1972. But both see the Department of Transportation's requirement of seat-belt interlocks as a prudent measure carried beyond prudence into the area of oppression.

Eagleton put it best. "It is one thing to protect society against the imprudent or criminal acts of an individual," he said. "But it is quite another to attempt to protect the individual against himself."

The philosophical argument is impressive. This is surely a case where the government is say, "Do this for your own good—or else"; the or-else being that your car won't start.

But there is a practical side as well. A new study by the Insurance Institute for Highway Safety says that 41 percent of the drivers of 1974 cars have found a way to bypass the interlock system, so they can start their cars without buckling the belts. In other words, nearly half the drivers have paid for a system they not only don't want, but were determined to avoid. Another survey shows that in Puerto Rico, where the law says everyone must fasten seat belts, only 18 per cent of the drivers do.

The fact that seat belts can save lives is not in dispute. They can and do. They should be used. But failure to use them harms no one except the person who chooses not to buckle up. Mandating seat belts puts the government in the business of protecting people from their own folly against their will and charging them for the service, which is precisely what Eagleton called it: "big brotherism."

The Senate would do well to recall what happened in another notable instance of government telling the people what was good for them. It was called Prohibition, and it didn't work.

THE WILLARD HOTEL

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. O'NEILL. Mr. Speaker, were it located in any number of other cities across the Nation, the Willard Hotel would be a prized historical site. Located as it is in Washington, D.C., however, the Willard stands precariously, boarded up, and awaiting demolition.

Recognizing the immense historical value of the Willard, the Pennsylvania Avenue Development Corp. has thrown its weight behind restoration and preservation of the Willard.

For at least four Presidents made the Willard their home. Andrew Johnson received word of his acquittal by the Senate while at the Willard. Jenny Lind, Mark Twain, Buffalo Bill, and countless other American celebrities lodged there.

Should we allow this classic structure to be razed in order to make room for an office building? By our inaction, we are saying "yes." As the situation currently stands, the Willard is doomed for destruction. Unless Congress acts, this hotel will become a thing of the past.

My able colleague from Massachusetts, JOE MOAKLEY, has proposed what appears to be a sensible solution to the problem of the Willard's future. He suggested in legislation filed yesterday that Congress acquire the Willard for its own use.

Joe's suggestion deserves the prompt and thorough consideration that I know will be forthcoming.

NACO—NO NEED FOR FEDERAL LAND USE LEGISLATION

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. STEIGER of Arizona. Mr. Speaker, on June 11, 1974, the House of Representatives wisely rejected an attempt to pass Federal land use legislation. The opponents of this legislation pointed out at that time that the more people studied and understood this legislation, the more disillusioned they would become with this concept of Federal planning of land use.

From the indications that I have been receiving from people across the Nation, this is, in fact, what is happening.

The most recent evidence of this is the position taken by the National Association of Counties at their annual convention last month in Miami. At this convention, NACO—who had previously been listed as supporting Mr. UDALL's land use bill—approved a new section to their land use plank which states that NACO believes there is no need for Federal land use legislation.

I applaud this action by NACO—better late than never.

I enclose the language of this newly adopted section:

NATIONAL LAND USE POLICY LEGISLATION

There is a critical need to promote sound planning for and management of land on the state, county and city level.

The National Association of Counties supports land use legislation at the state and local level, developed and implemented by local governments. There is no need for federal land use legislation. However, should any federal land use legislation be enacted, it should include the following essential provisions:

A requirement that there be the broadest possible role for county and other local units of general purpose governments in the development of state land use guidelines and criteria and that these guidelines and criteria be established by legislation, not by administrative regulations.

A requirement for the use of counties to the maximum extent possible for the detailed planning and implementation of state land use plans.

A mandatory allocation of federal funds by the state to general purpose local governments for planning and implementation.

ON SOVIET ARMING OF SYRIA

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BIAGGI. Mr. Speaker, in these important moments of political transition in the United States, it is essential that we reiterate to the nations of the volatile Middle East, our commitment to peace as well as our particular interest in the safeguarding of Israel's security.

In the past 10 months, the Soviet Union has provided Syria with more than $2 billion worth of modern weapons, thus putting Syria in an excellent position to launch an independent war against Israel without the cooperation or assistance of Egypt. This new influx of arms into Syria has dangerously shifted the crucial balance of power in the Middle East.

Israeli Defense Minister Shimon Peres warned recently that Syria is bent on launching a new war against Israel:

The Soviet Union has increased Syria's arsenal of heavy guns, including long range 180 mm pieces, and supplied her with SCUD ground to ground missiles.

Further Defense Minister Peres warned, as a result of the Soviet arms deliveries, the Syrian air force is now more than 25 percent stronger than it was on the eve of the Yom Kippur war. Syria's antiaircraft missile defense system is some 20 percent stronger. The Syrian tank force now stands at 2,000 irrespective of the fact that Israel destroyed over 1,000 of Syria's tanks during the last war.

This new military buildup of Syria has understandably alarmed the citizens of Israel as well as putting unusual strains on the country reservists, which has done still further damage to the already ragged Israeli economy.

It is crucial that the arms deliveries which were agreed upon in principle during former President Nixon's recent trip to the Middle East be sent swiftly and in sufficient quantity to Israel. The key to peace in the Middle East remains contingent on a strong Israel, and it remains our responsibility to achieve this objective.

Moreover, we should act before the Middle East situation again explodes into a major world crisis. Therefore, I consider it incumbent on the new Presi-

dent, Gerald Ford, to reaffirm our commitment to preserving the rights of a free Israel.

ISOLATING BLACK SCHOOLS

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. RANGEL. Mr. Speaker, 20 years ago, in Brown against Board of Education, the Warren Court did not address directly the question of interdistrict busing. But the decision mandated desegregation. And desegregation in northern cities will only be achieved if States adopt flexibility and commitment to the concept of integration as their guidelines. Otherwise, city schools will remain black, and suburban schools will remain white, with all the inequities and discrimination and future problems that such a separate and supposedly equal situation has always caused.

The recent Supreme Court ruling will interrupt the Warren Court's surge toward equal opportunity and its siege on injustice. But it will not halt those who continue to believe in Brown's message to America: separate schools are inherently unequal. We simply must solve the problem of black youngsters isolated in the inner city, trapped in ineffective schools. I urge my colleagues to read the following editorial from July 28 New York Times. It details eloquently the potentially tragic consequences of the Supreme Court decision on interdistrict busing for integration.

The article follows:

WRONG WITHOUT REMEDY

In its 1954 decision in *Brown v. Board of Education*, the Supreme Court ruled that "separate but equal" in education was unconstitutional. It has reaffirmed that view in decision after decision during the ensuing twenty years; but this week, in *Bradley v. Milliken*, a Detroit case, despite reaffirming the essence of the Brown decision, the Court clamped tight limits on the remedies it is disposed to grant in order to rectify unconstitutional deprivations suffered by minority school children.

Lower Federal courts had found unconstitutional discrimination against black school children in Detroit. Because of the complicity of the State of Michigan in that discrimination and the racial makeup of the school population of the area—blacks comprise 67 per cent of the Detroit school population but only a little more than 23 per cent of the school population of the entire metropolitan area—the lower courts envisioned a metropolitan-wide solution because a "Detroit only" solution would have been virtually meaningless. The remedy would have involved busing school children across presently existing school district lines.

The Detroit case was the first test of whether the full Court would require interdistrict solutions in order to achieve the constitutional results it had decreed in the Brown case. The decision was critical because most of the remaining school segregation in the United States occurs in big cities. In 1972, one half of all black school children were enrolled in the 100 largest school systems and two thirds of them were enrolled in schools which were more than 80 per cent black.

The essence of the decision rendered by the 5-to-4 majority was that "disparate treatment of white and Negro students occurred within the Detroit school system and not elsewhere, and on the record the remedy must be limited to that system." The Court also relied heavily on the importance of local control of the schools. It sent the case back to the District Court to fashion a remedy within the confines of the city of Detroit.

The decision seems as wrong as a matter of law as it is unfortunate as a matter of social policy. It is clear on the record that the State of Michigan retains plenary control over the schools throughout the state. It retains, for example, authority to consolidate and to merge school districts without the consent of those districts. It provides about a third of the public school budgets throughout the state and its credit is pledged for the construction of all school buildings in the state.

The Fourteenth Amendment imposes the requirement on the state to provide equal treatment to all of its citizens. The state has that power but did not choose to exercise it, so the lower courts decreed a solution that the state might have effected on its own. The aim was equality of educational opportunity for all school children. One tool was the use of school buses to the extent necessary to achieve that aim—not as an ideological exercise but as one of various devices to be used within reasonable bounds.

The Court's majority has now in 1974 shrunk from imposing the same constitutional stringency on large metropolitan areas that it imposed on the South twenty years ago. In so doing, it has cast a long cloud over the future. Judge J. Skelly Wright of the United States Court of Appeals for the District of Columbia said recently, "If the Supreme Court should ever hold that the mandate of Brown applies only within the boundaries of discreet school districts, the national trend toward residential, political and educational apartheid will not only be greatly accelerated, it will also be rendered legitimate and virtually irreversible by force of law."

More to the point, Justice Thurgood Marshall, writing in dissent said, "Unless our children begin to learn together, there is little hope that our people will ever learn to live together." Thus, in refusing to fashion a remedy sufficiently broad to correct the constitutional wrong which it found, the Court's majority has made us all, not just the black children of Detroit, the losers in the long run.

PRESIDENTIAL RESIGNATION

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. MARTIN of North Carolina. Mr. Speaker, this Nation has now passed through a long, trying ordeal. No one has gained by it. But we have to come through it with our Nation and our Constitution intact.

We must now prepare to receive and support new leadership. I firmly believe that Gerald Ford can as President bind the wounds we have inflicted upon ourselves in the course of the sad events which have led to his assumption of the highest office in the land.

The historic statement of resignation by President Nixon must be commended both for its reemphasis on the domestic and foreign policy goals of his administration—and for the dignity of its transfer of authority to achieve those goals to his constitutional successor, Gerald Ford.

This is the time to unite and put aside the divisiveness of the past year and a half. The agenda before our Nation—inflation and Federal deficits, the energy crisis, the maintenance of world peace, and the overriding need to now restore self-confidence—is critical. We must move forward immediately and aggressively under the leadership of the new President and I pledge to him and to our people to assist in doing so.

We need now no spirit of recrimination as we move toward our 200th birthday as a Nation. We need instead a spirit of reconciliation.

EDUCATION RECOMMENDATIONS OF THE NEW YORK INTERRACIAL COLLOQUY

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BADILLO. Mr. Speaker, Congress has shown its commitment to the quality of education by including authorization for a comprehensive national reading improvement program in the Elementary and Secondary Education Amendments of 1974. Despite our efforts, however, it is disappointing that the public schools have not produced results commensurate with our expenditures or our expectations. Of increasing concern is the failure of countless children, especially among the poor and the underprivileged, for whom reading remains a mystery rather than a skill.

The New York Interracial Colloquy, of which I am a charter member, seeks solutions for various problems that confront members of minority groups in metropolitan centers. This outstanding organization of educators, businessmen, government officials, clergymen, and other community leaders was formed with the purpose of fostering equality and basic freedoms for all individuals. All races and religions are included in its intergroup friendships which meet for formal and informal discussions of housing, employment, education, and other important subjects.

During the past 2 years the Colloquy's Task Force on the Schools studied the reading methods and results in New York City's schools. The recommendations resulting from this study were adopted by the Interracial Colloquy and were recently issued by the sponsors of the Colloquy: David Hyatt, president of the National Conference of Christians and Jews; Vernon E. Jordan, national director of the National Urban League; John Slawson, vice-president emeritus of the American Jewish Committee; and Roy Wilkins, national director of the National Association for the Advancement of Colored People. Although these recommendations were developed to apply to New York City schools, in light of what we now recognize as a national ed-

ucational problem they are applicable wherever reading scores are unsatisfactory.

I commend the New York Interracial Colloquy for its dedication to community service in so many areas, and I particularly want to bring to my colleagues' attention the Colloquy's statement on the "Improvement of Reading" by inserting it at this point in the RECORD:

STATEMENT OF THE NEW YORK INTERRACIAL COLLOQUY ON THE IMPROVEMENT OF THE TEACHING OF READING

The importance of literacy to each individual and to society cannot be overestimated. A democratic society cannot function well unless its citizens can read. For all but the most menial jobs, ability to read is indispensable. Nothing that an educational system may do for a student can compensate for failure to teach that person to read.

The problems of improving reading instruction in the public schools are many and complex. We recommend eight measures which, if adopted, would bring considerable improvement.

1. Our first recommendation is that the teaching of reading be given the highest priority in planning and budgeting. A chief goal of the elementary schools should be to teach pupils to read. The attitude of the teachers is of utmost importance in the achievement of this goal. They must agree that all normal children can learn to read and should create an atmosphere in the school that facilitates success in learning to read.

2. The increasing use of methods of instruction that teach children to sound out letters and to decode words indicates widespread recognition of the fallacy of treating English as a non-phonetic language. But old materials and mistaken conceptions of the past persist and affect the teaching of reading.

Our second recommendation is that preference be given to methods of reading instruction that includes intensive phonic instruction for every pupil. The sounds of letters and diphthongs should be mastered at the outset of reading instruction.

3. While middle class children generally receive early assistance at home in learning to read, comparative reading scores have never taken that factor into account. A proper use of comparative testing of the results of teaching beginners to read by different methods cannot be made unless the pupils have similar preparation in learning to read.

We recommend that research be undertaken to determine the results obtained by teaching pupils in lower income areas when various programs are used. Research should compare the results of programs based on intensive-phonics with those that depend primarily on sight words. The findings should be made known to all supervisory personnel.

4. Our fourth recommendation is that, to provide more individualized attention, reading classes be made smaller and that paraprofessional and volunteer assistants be utilized to greater extent in the reading sessions of kindergarten and of the first and second grades. We likewise recommend that all teachers and the assistants who teach reading be given thorough training in the specific method of reading instruction they are to use.

5. We recommend that greatly increased effort be made to enhance each pupil's reading ability with maximal attention given to each pupil who has not made adequate progress, and that promotion to classes requiring increased reading skill be permitted only when adequate reading ability has been achieved.

6. Our sixth recommendation is that all elementary teachers in whose classes the pupils need to read be considered teachers of reading. They should be able to arrange for students who have reading problems to receive remedial reading. Every elementary school teacher should be well trained to teach the reading skills that his or her subject requires.

7. We recommend that high priority be placed upon selecting principals and other top school staff who will assume responsibility for stimulating interest and creating a framework of commitment and accountability for the successful teaching of reading.

8. Graduation from a teachers college apparently terminates the relationship of a newly fledged teacher to those who taught her how to teach reading. The new teacher's failures and successes are not traced, as they should be, to those who trained her for the classroom responsibilities. Consequently professors who teach reading methods have no knowledge of how unsuited the conceptions adopted in the teachers colleges are to the classrooms of today.

Teachers of reading should be required to visit classrooms of their graduates and discuss the teacher's performance with her. This would have the dual advantage of giving the novice professional support and make professors of reading aware of how their theories work in practice.

THE RECONVENING OF THE FIRST CONTINENTAL CONGRESS, SEPTEMBER 5 AND 6, 1974, AT PHILADELPHIA, PA.

HON. WILLIAM A. BARRETT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BARRETT. Mr. Speaker, the reconvening of the First Continental Congress on September 5 and 6 in Philadelphia draws closer. It also continues to grow in importance.

To give us some indication of the impact of this early event, I would like to quote this version of an early preamble for a constitution for early America, a preamble which was read on the floor of Carpenters' Hall in 1774. Although the phases will sound old fashioned, the message is clear and current:

On the fortitude, the wisdom and exertions of this important day is suspended the fate of this new world and unborn millions. To us our venerable progenitors bequeathed the dearbrought inheritance of liberty, to our care and protection they consigned it, and the most sacred obligations are upon us to transmit the glorious purchase, unfettered by power, unclogged with shackles, to our innocent and beloved offspring.

We have been invited by Gov. Milton J. Shapp of Pennsylvania to join with him and the Governors and delegates from the other 12 original States to celebrate the 200th anniversary of the First Continental Congress. I urge us to do this on September 6 to reaffirm our own confidence in and allegiance to our system of government which has sustained us over the years and made us the world's oldest continuing democracy.

LABOR NOT AMONG FAT CATS

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. HANRAHAN. Mr. Speaker, the reform of campaign financing is a very big issue right now. Many individuals, including myself, are very concerned over where the money comes from. Labor and big business have always been contributors to elections, but do they abuse it? For the information of my colleagues, I wish to insert the following Chicago Tribune article:

DON'T COUNT LABOR AMONG THE FAT CATS

(By Mike LaVelle)

The response of many conservatives to the fat-cat abuses of Watergate is to point a finger at labor and claim a similar abuse there, but a few things are missing in that analogy.

Labor, through its periodicals, is open and above board with its aims. There are no periodicals released by Big Business stating what its aims are.

Labor is open to public scrutiny, Big Business is cash under the table and dealing behind closed doors.

Union members, by reading their national and local union papers, receive far more information about how their money is being spent than the stockholders of I.T.T. or General Motors.

The real anger of many conservatives, I suspect, stems from the realization that unions can get the volunteers to ring door bells, answer phones, and send out mail, etc. Big Business, not having the troops to champion its causes, has to rely on cold cash.

In the words of the Clayton Act, which was passed by Congress in 1914 and exempted unions from the Sherman antitrust laws, "The labor of human beings is not a commodity or article of commerce. Nothing in the antitrust laws shall be construed to forbid the existence and operation of labor."

The Norris-LaGuardia Act of 1932 and the Wagner Act of 1935 reaffirmed that difference between labor and commerce.

Many of the antilabor conservatives make the charge that the services of volunteers adds up and equal the cash contributions of Big Business. Perhaps they are right, but if they are, so what? If an autoworker wants to answer phones or lick stamps on his own time for the candidate of his choice, that's his own business. If the candidate is not one endorsed by the corporate boards of General Motors and I.T.T., that's their problem.

Granted, abuses exist in labor's methods of supporting candidates. In 1972 many United Auto Worker members supported George Wallace for President. UAW President Leonard Woodcock supported George McGovern, and that's where the UAW money went.

There are means by which a UAW member can withdraw his proportionate amount of money from a candidate whom he doesn't support but it is such a long and tedious process that by the time his complaint is resolved the elections would be over.

Even with such abuses, the labor's political contributions are still collectively more equitable than one man who could write a check for $6 million.

The assault on labor is not coming strictly from conservatives. There are still more liberals who are mad enough at George Meany's neutrality in 1972 that in their passions for

revenge they would dismantle labor's political machinery.

The irony is that if those liberal forces [such as Common Cause] are successful, their own candidates who are usually supported by labor will be the ones to suffer.

The liberal Common Cause and the conservative right-to-work groups are a strange alliance. But then perhaps elitist liberals and mossback conservatives have more in common than they care to admit.

I hope labor gets the message and cleans its own house before that alliance strengthens itself any further and attempts to tear that house down.

RESPONSIVE AND COMPASSIONATE MEDICAL CARE

HON. SPARK M. MATSUNAGA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. MATSUNAGA. Mr. Speaker, the June 1974 American Journal of Public Health reports an important study comparing the effectiveness of nurse clinicians to physicians. The nurses' patients received more time of direct care, more instructions for diet and exercise, more diagnostic procedures, and had a better understanding of their illness and their instructions for self-care than the physicians' patients. The nurses' patients also had a shorter average waiting time, saw their nurses more frequently, and enjoyed more frequent home visits. This kind of compassionate, responsive, and comprehensive medical care must be more frequently provided and made available for everyone who needs it.

I have previously introduced legislation which is designed to encourage the more widespread use of nurse clinicians by including them for eligibility for medicare and medicaid reimbursements. This study only emphasizes the importance of mine, and similar, legislation.

I submit excerpts from the article by Dr. Beverly Flynn, entitled "The Effectiveness of Nurse Clinicians' Service Delivery", for inclusion in the RECORD at this point:

THE EFFECTIVENESS OF NURSE CLINICIANS' SERVICE DELIVERY

(By Beverly C. Flynn, MS., Ph. D.)

INTRODUCTION

The practices in the delivery of health services are being reorganized to permit a variety of personnel to provide elements of care usually provided by select groups of professionals after years of education and experience. These practices are in response to problems of the critical shortage and maldistribution of health manpower which face our country today. As training programs evolve to prepare professionals for an extended role in the delivery of health services, increasing consideration is being given to the evaluation of the effectiveness of these professionals' service delivery.

The research presented in this paper pertains to the evaluation of one such training program, a nurse clinician program. This program was a 1-year demonstration project which developed out of the needs of a county hospital's medicine clinic at a midwestern medical center in 1970. The program was sponsored by the school of medicine, school of nursing, and a research organization, the institute. There were three broad goals identified for the program. These goals were related to preparing nurse clinicians, improving the quality of patient care, and utilizing all health personnel effectively. These broad goals were originally intended to have an impact on the medicine clinic. Although objectives for the nurse clinicians' knowledge, skills, and attitudes were written by the program director prior to the enrollment of the trainees, these objectives were flexible due to the evolving nature of this demonstration project. In essence, the program prepared four registered nurses for an extended role in internal medicine. The curriculum combined didactic teaching with the physician preceptor relationship in several patient care settings. These settings were the county hospital's medicine clinic, the neighborhood health center, and three private group practices. The evaluation of the nurse clinician program was planned as an integral part of the program.

* * * * *

The investigator identified four major aspects of the program to be researched. These areas were a description of the nurse clinician program, the effectiveness of the program in terms of the knowledge and skills attained and the attitudes held by the nurse clinicians, the effectiveness of the nurse clinicians' service delivery, and the acceptance of the nurse clinicians. In the evaluation of the program, the investigator was interested in delineating a general approach to examining these major aspects as well as effective measurement devices to be utilized. The research that is presented in this paper incorporates the major area of the effectiveness of the nurse clinicians' service delivery.

The literature review pointed out that there were three research areas relevant to the effectiveness of the nurse clinicians' service delivery. The first area was the health status of patients. The second area was the quantity of health services delivered patients, and the third was the efficiency with which health services are delivered.

The investigator was able to identify three hypotheses related to the effectiveness of the nurse clinicians' service delivery. These hypotheses were: (1) there will be no difference in the health status of the experimental and control patients; (2) the experimental patients will spend more time with the health care provider than the controls; and (3) the experimental patients will spend less time in the medicine clinic than the controls.

* * * * *

HEALTH STATUS OF MEDICINE CLINIC PATIENTS

The results of the patient interviews delineated similarities and differences between the experimental and control patient groups on a variety of indicators relevant to patient health status. These indicators were measures of: patients' knowledge of their disease, effects of their illness on activities of daily living, patients' knowledge of their special exercises or activities; patients' nutritional behavior, patients' special diet behaviors and knowledge, patients' medication-taking behavior and knowledge, and patients' use of other medical care.

The results of the patient interviews did not support the hypothesis that there would be no difference in the health status of the experimental and control patients in the medicine clinic. It should be noted that there frequently were insufficient data to yield an accurate chi square statistic. As a result, some of the data were compared by percentages. These were two indicators of patient health status that were found to have statistically significant relationships. The first indicator was patients' knowledge of their special exercises or activities and Table 1 presents these findings.

There were significantly more of the nurse clinicians' patients than the controls who responded that they were to do special exercises or activities. The majority of both groups, 84 per cent, answered the question about doing special exercises correctly. Even though special activities were not ordered for 84 per cent of the control group, it was interesting to note that there were no essential differences, less than 8 per cent of each group, who lacked knowledge of what the special exercises included. Almost 50 per cent of the nurse clinician patients were found knowledgeable of what their special exercises included. These findings suggested that the nurse clinicians focused more of their teaching and counseling on patient activities and exercises than the physicians who provided care to the control group.

The second indicator of patient health status which had a statistically significant relationship was patients' use of other medical care. Table 2—not reproduced—presents these findings. These results indicated that there were significantly more of the nurse clinicians' patients using other medical care than the controls. The places where patients received other medical care were specialty clinics, private eye doctors, neighborhood health centers, and hospitals. All nine of the clinics mentioned by patients were located at county nospital and were part of the same outpatient department clinic system as the medicine clinic. All hospitalizations occurred at county hospital. These findings showed that medical care delivered in the outpatient clinics at county hospital was quite specialized, in that patients received care from such a wide array of clinics and were still seen regularly at the medicine clinic.

Other indicators did not yield statistically significant relationships but demonstrated some differences in the health status characteristics of the two groups. Eighty-two per cent of the nurse clinicians' patients compared to 68 per cent of the controls were knowledgeable of the complications of their disease. There were some differences between the two patient groups in adhering to a nutritionally balanced diet, or the basic four food groups. Fifty-three per cent of the experimental patients compared to 32 per cent of the controls had milk-deficient diets. In addition, 18 per cent of the experimental patients compared to 32 per cent of the controls had bread-deficient diets. Both patient groups together showed the greatest deficiencies in the milk, vegetable, and fruit food groups, which were found comparable to other studies of similar populations. It was also found that 90 per cent of the nurse clinicians' patients compared to 68 per cent of the controls reported having been ordered a special diet. There was a greater proportion of the experimental patients (84 per cent) taking medications correctly than the controls (63 per cent). Of the medication errors noted, slightly more of the experimental patients took medications that were not ordered, and the control patients tended to omit medications that were ordered and took their medications at the wrong time. It was also found that 24 per cent of the experimental patients compared to 11 per cent of the controls were hospitalized during the time of the study.

It should be clarified that there were no statistical differences between the two patient groups in demographic characteristics and three diagnoses (hypertension, diabetes, and organic heart disease) which were delineated in the criteria for patient referral to the nurse clinicians. The investigator concluded that there were differences in the health status of the two patient populations and these differences were thought to be related to differences in the care provided patients. An examination of the findings from the hospital record review, which will be

discussed next, provided additional insights into these deficiencies.

THE QUANTITY OF HEALTH SERVICES DELIVERED MEDICINE CLINIC PATIENTS

An analysis of the data collected by hospital record review provided evidence of significant differences in several indicators of the quantity of health services delivered the two patient groups. The first indicator was the types of laboratory studies ordered for the two patient groups. Table 3 presents these results (not reproduced).

The nurse clinicians ordered significantly more electrocardiogram studies, bacteriology studies, urinalysis studies, and minor X-rays than the physicians caring for the controls. One could speculate that the nurse clinicians were insecure in their new role and depended on external laboratory studies to assist them in decisionmaking related to patient care. Lewis, in his study of nurse clinics, found that nurses ordered routine laboratory tests 3 times more frequently than the physicians. He commented that these tests were not ordered by insecure nurses who lacked clinical judgment, but these studies were part of comprehensive care. However, these findings raised issues on the necessity of subjecting patients to these procedures, costs in terms of the patients' time, and costs in terms of fees for medical care. These issues must be weighed against the actual benefit to patients, as a result of performing laboratory studies.

The second indicator was the therapeutic diets ordered for patients. These results are presented in Table 4 (not reproduced). These findings provided an additional insight into one of the findings from the patient interviews. This was that a greater proportion of the nurse clinician patients were aware that they were to eat a special diet. These results showed that there was a relationship between what the nurse clinicians ordered patients and patient awareness of these orders.

The third indicator was special activities or exercises ordered for patients. These data may be found in Table 5 (not reproduced). Significantly more of the nurse clinician patients, than the controls, were ordered to increase their activities. In addition, there were 18 per cent more of the nurse clinician patients than the controls who were ordered to decrease their activities. These results were also documented in the findings from the patient interviews, that experimental patients were significantly more aware they were ordered special activities or exercises than the controls.

Other indicators did not yield statistically significant relationships but demonstrated some differences in the quantity of health services provided the two patient groups. An analysis of the number of patient visits to the medicine clinic indicated that the nurse clinicians saw their patients at much more frequent intervals during the time of the study. Of the controls, 63 per cent were seen by the physician only one or two times, whereas 68 per cent of the experimental group were seen between five and 10 times by the nurse clinician in the medicine clinic. It was speculated that the nurse clinicians had more time than the physicians to see patients so they scheduled more frequent appointments for their patients. In addition, the nurse clinicians might have been insecure in their new role and depended on frequent patient contact to assure themselves that they were providing appropriate patient care.

An analysis of medications ordered patients demonstrated little difference between the two groups in terms of types of medications ordered. On closer examination of the proportion of patients in each group ordered various types of medications, some differences were observed. The nurse clinicians' patients had been ordered more of all but two types of medications. These findings also supported those found with the patient interviews, that a greater proportion of nurse clinicians' patients took more medications per day than the controls.

In addition to these indicators, there were indicators of health service quantity for the experimental patients that were not available for the controls. These were: home visits were made by the nurse clinicians on three-quarters of their patients and patient referrals were made by the nurse clinicians to 16 community agencies.

In comparing the results of patients' health status with the quantity of health services, it was speculated that the differences in health status were a result of differences in the care provided patients. It was concluded that the nurse clinicians provided a greater quantity of health services to their patients than the physicians caring for the controls.

EFFICIENCY OF HEALTH SERVICE DELIVERY IN THE MEDICINE CLINIC

Analysis of the time costs to patients, as a result of the nurse clinicians' delivery of care, was accomplished through time and motion studies. The results of these studies indicated several differences in patient flow in the medicine clinic and are presented in Figure 1 (not reproduced).

The physicians' patients waited approximately 72 min compared to 34 min for the nurse clinicians' patients before they entered an examining room. Once patients entered the examining room there was only a short wait before the nurse clinician or physician began care. After care was initiated, the nurse clinician spent almost 1 hr in patient care activities compared to physicians, who spent about 40 min in these activities. There appeared to be little difference in the time patients spent waiting before they left the clinic. The two patient populations waited about 30 min before they left the clinic.

Two time periods in these studies are misleading, the time spent waiting before entering an examining room and the time spent with the health care provider. It should be noted that the nurse clinicians scheduled appointments at specified times with patients, whereas the physicians' patients all came to the clinic at the same time, at the beginning of the session. Due to this scheduling, it was not surprising that the nurse clinicians' patients waited less time than physicians' patients.

The finding that the nurse clinicians spent more time with patients compared to physicians could be related to the assumption that the physicians were more skillful in providing care and, therefore, took less time. It should also be noted that the physicians had a larger caseload of patients to care for during the clinic sessions so they might have felt the pressure of time to complete all patient care before the clinic session ended. It was also speculated that the nurse clinicians spent more time with patients due to their focus on teaching and counseling patients in relation to their health problems. The nurse clinicians' patients were found to have more knowledge about the complications of their diseases, more awareness that they were to eat special diets, and more correct behavior in taking their medications than the control patients.

These data provided support for two of the hypotheses which were delineated, that the experimental patients would spend more time with the health care provider than the controls and that the experimental patients would spend less time in the medicine clinic than the controls. However, because the work for the nurse clinicians and physicians was not similar, these results are misleading.

These findings also had other implications. Although it could be stated that since the experimental patients had more contacts with the health care provider and spent less time in the clinic than the controls, the overall costs to patients in terms of time differed by patient group. In other words, these data suggested that costs to the nurse clinicians' patients were much more economical than to the controls. However, other services provided patients by the nurse clinicians implied increased costs to the experimental patients as they experienced more frequent clinic visits, more laboratory studies, and home visitations by the nurse clinicians.

SUMMARY AND CONCLUSIONS

The research that is presented in this paper focused on the effectiveness of the nurse clinicians' service delivery. The general approach and evaluative measures utilized in examining these areas should be applicable in the study of the effectiveness of other health care providers. The investigator found patient interviews effective in obtaining information of patients' perceived health status. The patient questionnaire or similar patient interviews should be administered to patients in other studies to obtain information about their knowledge and behavior relevant to service delivery. Record review was found somewhat difficult as there was lack of standardization in recorded data. Patient records need to be revised and standardized so that data collection relevant to patient indicators are reliable. The efficiency with which services are delivered should be studied in other training programs. However, comparisons with other health care providers should be based on similar work circumstances. Cost analysis of service delivery, which was not researched in this investigation, should be employed in other studies of the effectiveness of health care providers.

The findings relevant to the effectiveness of the nurse clinicians' service delivery did not support the hypothesis that there would be no difference in the health status of the experimental and control patients. It was found that significantly more of the patients cared for by the nurse clinicians than the controls reported that they had been told to follow special exercises or activities and reported utilizing other medical care.

Several indicators provided evidence of significant differences in the quantity of health services delivered the two patient groups. The nurse clinicians ordered significantly more laboratory studies for their patients than physicians caring for the controls. In addition, the nurse clinicians ordered significantly more low salt diets and increased activities or exercises for their patients. Other indicators were not statistically significant but demonstrated an increased quantity of health services for the nurse clinicians' patients. These were: the experimental patients had more frequent clinic visits, they were ordered more of all but two types of medications, and they were visited in their homes by the nurse clinicians.

Since patients were randomly assigned to control and experimental groups and there were no statistical differences in demographic characteristics or the three diagnoses delineated in the criteria for patient referral to the nurse clinicians, it was speculated that the differences in health status were a result of differences in the care provided patients. It was also concluded that the nurse clinicians provided a greater quantity of health services to their patients than physicians caring for the controls.

Time and motion studies provided misleading support to the hypotheses that the experimental patients would spend more time with the health care provider and less time in the clinic than the controls. Other services provided patients by the nurse clinicians implied increased costs to these patients, or decreased efficiency of health service delivery.

LETTER TO AIR FORCE

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. ASPIN. Mr. Speaker, last month when a large number of enlisted men were removed from flying status without notice, I notified the Air Force of this violation of Congress orders. Subsequently, the Air Force adjusted its mistake, and the Military Compensation Subcommittee reexamined the situation.

To be sure there was no misunderstanding of the subcommittee's desire to see no enlisted man lose flight pay without 120 days' notice, I wrote to each of the services and to the office of the Secretary of Defense. Yesterday, my letter to the Air Force and that service's response were printed in those pages. Today I am adding my letter to OSD, a response from Lt. Gen. Leo E. Benade and the memorandum sent by OSD to all the services. It seems that there are very few loopholes, but not all issues are resolved. Remaining is a Comptroller General decision and possibly legislation to insure a permanent solution. We shall have to wait and see.

The Secretaries of the Army and Navy have yet to answer my request for their explanation of how they will protect enlisted flight pay.

The material follows:

JULY 23, 1974.

Lt. Gen. LEO E. BENADE,
Deputy Assistant Secretary of Defense, Military Personnel Policy, Washington, D.C.

DEAR GENERAL BENADE: Since my letter to you of July 11, the airmen grounded at McClellan AFB have been restored to flying status for the required 120 days. On July 17 Lt. General John W. Roberts, the Air Force's Deputy Chief of Staff, Personnel, explained to Subcommittee #4 what happened at McClellan and described measures he was taking to guarantee future observance of the directive of Congress. It is clear that the Air Force concludes it has sufficient management flexibility to give every enlisted crew member threatened with loss of flight pay 120-days' notice. Even in those few cases where sudden mission or equipment changes might limit notice, the Air Force does not allow exceptions to be made. In all cases that cannot be accommodated by local administrative measures, Air Force headquarters must be notified. Headquarters will then grant temporary overmanning authority so that crew members will always get 120 days' warning.

The subcommittee was asked to grant some exceptions to the 120 day requirement. These were crew members grounded for cause or because of medical disqualification for flying duty. The third exception was for enlisted noncrew members who are assigned flight duties for a period or for a task specified in orders. (Since these categories are the same for officers and enlisted men and because they seem fully justified exceptions, the Subcommittee did not object to them.)

General Roberts has suggested one other exception that could in rare cases, be required. When aircraft are not available, the legal requirement of "frequent and regular aerial flight" might not be met. Since "frequent and regular" are defined by executive order, granting exceptions might be a way of avoiding the perhaps complex procedure to change executive orders. In any event, this one area of exception does not appear to require a legislative solution.

Nevertheless, Chairman Stratton has suggested legislation might be the best way to insure enlisted crew member save-pay for 120 days or some other period. If you think the matter should be considered by Congress, I would like you to tell me what features you wish to see in an enlisted flight pay protection bill.

In addition to your legislation suggestions, would you also comment on the Air Force's interpretations of the 120 day notice requirement? Please send me also whatever instructions or directives on this subject you have sent to the military services. I am sending a letter similar to this one to the Secretaries of the Army and Navy.

Thank you for your assistance,

Sincerely,

LES ASPIN,
Member of Congress.

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., August 8, 1974.

Hon. LES ASPIN,
House of Representatives, Washington, D.C.

DEAR MR. ASPIN: This is in response to your letter of July 23, 1974 concerning the advance notification requirement prior to removal of enlisted crew members from flying duties and is in furtherance of my letter to you, dated July 26, 1974, on the same subject.

In regard to the 96 crew members involved in the reduction of aircraft at McClellan AFB, the following information is applicable:

Twelve members departed PCS prior to July 25, 1974. Ten of these were volunteers for reassignment. Two were non-volunteers, but were notified in October 1973 and December 1973 respectively of reassignment to non-flying duties.

Sixteen are scheduled for involuntary PCS action between now and October 31, 1974. Departure of each is being delayed, unless voluntarily waived, to accord the 120 days notice.

Six members are on voluntary reassignment and flight orders will be rescinded on departure.

Eleven primary crew are being reassigned to bases of preference where they will remain on flying status.

Eighteen are awaiting retirement or separation and will remain on flight status for 120 days advance notice or until separation or retirement, whichever occurs first.

Ten are being involuntarily retrained and effective dates are being delayed, unless voluntarily waived, to accord the 120 days advance notice.

Seven are voluntarily removed from flying status.

Nine are medically disqualified.

Two were previously assigned to nonflying positions at McClellan and are being given the opportunity, if desired, to return to flying duties to accord the required notice.

One optional crew member is on assignment to a flying position, and

Four members have no action pending and will be retained on flying status for the specified 120 day notification period.

Enclosed is a copy of a memorandum to the Military Departments which outlines interim policy to be followed, in regard to the advance notification requirement, pending the staffing and issuance of a DoD Directive generally covering the same matter. It should be noted that exceptions to the 120 day notification policy are authorized when removal from flight status is individually generated by an enlisted crew member by his voluntary actions or inactions. Additional exceptions may be authorized on a case-by-case basis, as approved by the Secretary concerned or his designee, when it is necessary to involuntarily remove an enlisted crew member from flight duty without proper advance notification.

Until an experience factor is gained from the implementation of this policy, as refined in the forthcoming Directive, consideration of legislative relief might be premature. Further, as indicated in my letter of July 26, 1974, the Comptroller General will soon be requested to issue opinions on (a) the legality of authorizing by Executive order continuation of flight pay for enlisted crew members for up to 120 days following termination of flight duties, and (b) the legal ramifications of the Air Force action to authorize temporary overmanning under conditions where abrupt actions might make enlisted crew members excess to authorizations at a given station. Depending on these opinions, there might be no requirement for statutory authority to authorize a modified excusal program for enlisted crew members.

The Comptroller General might well hold that excusal of enlisted crew members from the requirement by competent orders for "frequent and regular" performance of aerial flight, as prescribed by law, is not legally permissible. He might also object to the overmanning action taken by the Air Force. If so, and providing experience shows that a substantial number of Secretarial exceptions are necessitated, wherein involuntary removal from flight duties without proper notice is required because of unforeseen circumstances, then the Committee might wish to consider legislative relief.

Providing there is no objection by Subcommittee No. 4, it is proposed that consideration of legislation be postponed until a response is received from the Comptroller General and an adequate experience factor is gained from implementation of the binding policy guidance, recently announced, and issuance of the DoD Directive in furtherance of this policy. A period of approximately four months appears adequate for these purposes. The subcommittee will be kept informed of developments in this area.

Thank you for your concern in this matter and your thoughtful suggestions.

Sincerely,

LEO E. BENDE,
Lieutenant General, USA, Deputy Assistant Secretary of Defense.

ASSISTANT SECRETARY
OF DEFENSE,
Washington, D.C., July 26, 1974.

Memorandum for the Assistant Secretaries of the Military Departments (M&RA).

Subject. Advance Notification of Removal of Enlisted Personnel from Flight Duty.

Your attention is invited to recent press releases, a House floor statement and OSD and Service testimony on DOPMS in which Congressional concern has been expressed in regard to our proposed handling of instructions contained in House Report No. 93-799 on H.R. 12670. In this report, it was directed that regulations be promulgated to insure that at least 120 days advance notice be provided to enlisted crew members prior to their being involuntarily removed from flying status.

In view of this concern and because of a recent incident in which it was proposed that a significant number of enlisted crew members were to be removed from flight status retroactively, it is deemed imperative that the policy measures outlined below be implemented as expeditiously as possible, pending the processing and issuance of an appropriate DoD Directive which will be fully coordinated with the Services.

Policy guidance is as follows:

Applicability. Policy guidance contained herein applies to the Military Departments and Defense Agencies.

Definitions.

Enlisted Crew Member. An enlisted member of the Armed Forces on competent orders which require the performance of hazardous duty involving frequent and regular participation in aerial flight.

PROPER ADVANCE NOTIFICATION

Receipt of orders by enlisted crew members indicating reassignment to ground duty either by prefix, suffix or other understandable identifier systems or means.

Notification to enlisted crew members in writing and by competent authority of impending removal from flying status or verbal notice of same, providing an appropriate memorandum for the record is made.

Written notification to enlisted crew members of medical disqualification.

POLICY

It is DoD policy that enlisted crew members be accorded at least 120 days advance notification prior to being involuntarily removed from flying status through no fault or action of their own.

Assignments of enlisted crew members will be intensively managed in order to achieve the required advance notification prior to removal from flying status and the loss of flight pay.

Exceptions to the 120 day advance notification policy may be authorized under circumstances in which removal from flight status is individually generated by an enlisted crew member as a result of his voluntary actions or inactions.

Additional exceptions will be made only on a case-by-case basis and approved by the Secretary concerned or his designee, providing such designee is not below the Service headquarters level.

In carrying out this policy, applicable provisions of law, Executive Order 11157, the DoD Pay and Allowances Entitlements Manual, DoD Issuances and Service regulations, as appropriate, will be compiled with.

Reporting. The Services will be prepared to implement a reporting system, under provisions of the forthcoming Directive, which will semiannually indicate the number and type of exceptions granted by the Secretary concerned or his designee.

Request that expedited action be taken by the Services to place the above policy provisions, which have not already been implemented, into effect as soon as possible and that my office (COL William A. McSpadden, X79191) be notified as soon as implementing messages have been released.

LEO E. BENADE,
Lieutenant General, USA, Deputy Assistant Secretary of Defense.

FEEDING THE HUNGRY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. RANGEL. Mr. Speaker, each year over $100 billion is collected by the Federal Government through taxes and other means, and distributed again through subsidies, grants, and exemptions, Government spending programs, social security, and revenue sharing. To a large degree the poor now reap few of the benefits of this process even though a significant number of them contributed to it by paying taxes. They are brought back into this distribution process only through such stop-gap measures as welfare and the food programs. But, even with the increasing cost of welfare and food programs in recent years, the wealth of the poor sections of the population remains unchanged at the meager level it had attained before the New Deal. Indeed, over the past several years, the plight of the poor has deteriorated.

A major difficulty with the food stamp programs stems from the requirement that in order to qualify, a family has to prove that it is poor. With the food stamp programs as well as all means-tested programs, the programs' very selectivity serves to keep even many eligible people out of the program.

Recently WWRL, a New York City Radio Station, aired an editorial on the recent hearings of the Senate Select Committee on Nutrition and Human Needs. I would like to share that editorial with my colleagues, for it makes the important point that as long as the poor need food assistance, it is imperative that these programs be readily accessible to those who need them the most. It is time for us to do something about this most distressing problem.

The editorial follows:

A BLEAK REPORT

The United States Senate Select Committee on Nutrition and Human Needs is making it plain that any so-called life of ease on relief rolls is an absolute lie.

Ronald Pollack, director of the *Food Research and Action Center of New York,* said that the tragic truth is that we are moving backwards in the struggle to end hunger, poverty and malnutrition.

Food stamps and other aids have not kept step with a galloping inflation. Affluent consumers can "spend down" or drop to buying cheaper items. But the poor have already hit rock-bottom and have no lower place to go.

Some 37 million people are now eligible for food stamps, but only 35.7 per cent are getting them. WWRL feels it is clear that we are not doing right by our poor. Instead of trying to shame them, we should urge them to take full advantage of food stamps.

CONGRESSMAN DANTE FASCELL TESTIFIES BEFORE HOUSE MERCHANT MARINE AND FISHERIES SUBCOMMITTEE IN SUPPORT OF LEGISLATION TO PROTECT DOLPHINS

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. FASCELL. Mr. Speaker, I was pleased to testify recently before the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the House Merchant Marine and Fisheries Committee in support of legislation I have introduced for the protection of dolphins and other marine mammals. The full text of my remarks follows:

STATEMENT OF CONGRESSMAN DANTE B. FASCELL

Mr. Chairman, I appreciate this opportunity to appear before you in support of H.R. 15549, legislation I have introduced to amend the Marine Mammal Protection Act of 1972 to prohibit the issuing of general permits which authorize the taking of marine mammals in connection with commercial fishing operations. I commend you and the Members of your Subcommittee for your continuing concern for the protection of all endangered species, and your leadership in this field.

The Congress made its position clear when it enacted the 1972 Marine Mammal Protection Act, placing a permanent moratorium on most killing of ocean mammals and on the importation of their products. In that act, P.L. 92–522, Congress stated: ". . . marine mammals have proven themselves to be resources of great international significance, esthetic and recreational as well as economic, and it is the sense of the Congress that they should be protected and encouraged to develop to the greatest extent feasible . . ." The protection and preservation of all marine mammals was to be insured.

The hearing today is actually a continuation of the controversial debate which surrounded consideration of the 1972 legislation over whether an exemption should be made and permits allowed for the controlled taking of any marine mammals incidental to commercial fishing, or whether commercial fishing operations should be included under the permanent moratorium on killing and importation of ocean mammals.

Amendments were offered in both the House and the Senate when the 1972 Act was debated which would have prohibited the killing of porpoises and dolphins incidental to tuna fishing operations and placed such operations under the general moratorium. It was argued that such a flat prohibition would speed up research to develop equipment that would eliminate any "taking" incidental to commercial fishing. These amendments were defeated, however.

The two year exemption finally provided by the 1972 Act permitted the taking of marine mammals incidental to commercial fishing operations under regulations prescribed by the Secretary of Commerce. The exemption will expire October 20, 1974. Under the 1972 Act, the taking of mammals incidental to commercial fishing after expiration of the exemption is to be governed by regulations promulgated by the Secretary of Commerce and by permits issued consistent with such regulations. The Department of Commerce has, pursuant to the law, proposed regulations for the issuing of permits, hearings have been held, and a preliminary statement and recommended decision has been issued by the Administrative Law Judge.

At issue now is whether we should continue to allow commercial fishing operations to kill any dolphins or other marine mammals or whether the law should be changed and commercial fishing operations be subject to the general moratorium against any taking of marine mammals.

In my judgment, commercial fishing must be brought under the moratorium so that complete protection of the dolphin and other marine mammals can be insured. We must not allow any threat to continue.

I have introduced H.R. 15549 which adds language to the Marine Mammal Protection Act specifying that no permits may be issued which authorize the taking, incidental or otherwise, of any marine mammals in connection with commercial fishing operations. This would bring commercial fishing under the general moratorium against killing.

The bill would also transfer authority for administration of the Marine Mammal Protection Act as it relates to all species covered under the law to the Secretary of the Interior. The Commerce Department, through NOAA, now has jurisdiction over whales, dolphins, porpoises, seals and sea lions. It is

also responsible for promoting fisheries' interests. The Interior Department, which already has partial responsibility under the act, is more oriented toward conservation and wildlife protection, and I feel that jurisdiction over dolphins should be transferred to that Department.

I fully understand that the regulations proposed by the National Marine Fisheries Service, Department of Commerce, are designed to achieve the goal of reducing incidental kill or serious injury of marine mammals to insignificant levels approaching zero mortality.

Techniques have been developed and are available which virtually assure that no dolphins will be accidental victims of commercial fishing. Utilization of these techniques would be required under the regulations proposed for issuing permits.

But is it necessary to issue permits to allow incidental taking in order to make sure that certain techniques are used? Can't we require the use of such equipment—but not allow any killing?

There is widespread support in South Florida for action to prevent the issuing of any permits. A "Save the Dolphin" campaign in Miami has the enthusiastic support of nearly 20,000 students and faculty members from almost every high school in my District who have signed petitions opposing the permit plans. I met with representatives of that group in June of this year, and can personally attest to the sincerity of feeling and the strong opposition to the proposed permit program. The Judge who presided at the hearing on the proposed regulations has noted in his recommended decision that hundreds of letters mostly from school children in Florida have been received.

The World Dolphin Foundation, located in Miami, is also greatly concerned with the proposed permit regulations. In correspondence with the Administrative Judge who conducted the hearing on the proposed regulations the President of the Foundation, Dr. Henry Truby, stated: "Any regulation, federal or otherwise, permitting the killing of so-termed 'wild animals' is anthropologically medieval. Any intentional—or incidental—killing of marine mammals is indefensible, for whatever reason!"

I share the strong position of those in Florida who oppose any action which could endanger the dolphin. The government must not condone any steps which could lead to the killing of even one dolphin or other marine mammal.

Mr. Chairman, if we allow the permit program to proceed, it will undoubtedly pose a threat, limited or otherwise, to the dolphin. I feel strongly that we must not allow such a threat to develop.

The Subcommittee's favorable action on the bill I have sponsored to prohibit the issuing of permits to commercial fishing operations or on other legislation to prohibit any killing of dolphins is urgently needed. I urge your expeditious and favorable action.

RETURN OF KING CAUCUS

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, on June 19, 1974, I stood in this Chamber for a special order to warn of the apparent reemergence of what I termed, "King Caucus" on the other side of the aisle. I recalled for my colleagues the history of "King Caucus" as he reigned during the early part of this century. It was a situation in which the Democratic caucus was in effect the supreme legislative committee in this House because it was the caucus which not only issued binding instructions as to what committees could and could not decide and how Democratic members should vote on the floor, but the caucus also actually engaged in writing legislation.

This year "King Caucus" swung back into the throne. First, the Democratic caucus took it upon itself to hold up a bipartisan committee reform resolution for 4 months for "further study," and then it proceeded to substantially rewrite the reform. In the meantime, the caucus had bound the Rules Committee not to clear the measure for the floor; and when it finally had drastically altered the resolution, it instructed the Rules Committee Democrats to insure that the caucus substitute was made in order under the rule. The upshot of all this is that we still do not have a resolution through the Rules Committee.

The Democratic caucus is also responsible for killing a windfall oil profits tax bill in this session. For it was the caucus decision to force the Rules Committee and Ways and Means chairman to allow for only two amendments to that bill which has thrown the whole matter into a legislative limbo.

Mr. Speaker, on July 29, 1974, the Washington Post carried an excellent article by Mary Russell on the re-emergence of "King Caucus." At this point in the RECORD I include that article and commend it to the reading of my colleagues. The article follows:

GOP FEARS RETURN OF "KING CAUCUS" IN HOUSE NEXT YEAR

(By Mary Russell)

Seventeen Republicans recently took the House floor to warn of "ominous trend"—the re-emergence of the Democratic caucus as a power in the House.

Republicans fear that if the Democrats pick up anywhere near the 50 seats they predict they will in the November elections, the Democrats will attempt to impose "congressional government" on the country.

The Republicans also believe the Democrats will use the Caucus, the party organization to which all House Democrats belong, to formulate party positions and unite Democrats behind them, steamrolling Republicans in the process.

"I am speaking of the trend toward what . . . has (been termed 'congressional government' and the danger that lurks beneath that development: the re-emergence of 'King Caucus,'" third-ranking Republican John Anderson of Illinois said in his floor speech.

Democrats deny the caucus is approaching anything like the "King Caucus" which ruled the House before and during the Wilson administration in the early 1900s by binding members to vote on the floor for any measure approved by a two-thirds vote in the caucus.

But some liberal Democrats do admit it is evolving into what could be a mechanism for obtaining "unity" and "party responsibility" in their disparate ranks, particularly next year when those ranks are likely to be swollen with new members.

"The caucus could serve as an instrument for a more thoughtful process in decision-making," Rep. Philip Burton (D-Calif.) said. "But I don't view it as a monolith running over dissenting views. Its value is in objective discussion leading to collective thinking."

"The caucus is one of the directions we could take for greater party responsibility, putting forward coherent programs and acting on them," said Rep. James G. O'Hara (D-Mich.).

Since 1969, when they persuaded colleagues to start calling regular monthly caucus meetings, liberal Democrats have sought to revive the caucus and nurture it.

Leadership for the revival drive has come from successive chairmen of the liberal Democratic Study Group. The DSG was born in 1959 out of the resentment of House liberals who found themselves unable to pass legislation because conservative Southerners chaired many major committees and used their power to block liberal proposals.

The idea of reviving the caucus, which had been relatively dormant since the days of "King Caucus," was expressed in a book called "House Out of Order" by Rep. Richard Bolling (D-Mo.). "The place to reform the procedures of the House is . . . in the House Democratic Caucus," he wrote.

It was the liberal Democratic Study Group, growing in numbers, that began putting the reforms into effect through the caucus in the late '60s.

First, when O'Hara was chairman of the DSG, came the regular monthly meetings. Then, while Rep. Don Fraser (D-Minn.) was chairman, the Caucus adopted a DSG-inspired reform forcing a vote on the nomination of any committee chairman if 10 members demanded it. Another proposal limited each member to chairmanship of one subcommittee.

At the start of the current Congress, the biggest reform package was passed while Burton was chairman.

Those reforms required that every standing committee chairman be subject to a vote in the caucus.

They opened committee hearings to the public by stating no committee could close its doors unless it took a public vote to do so before the session started. This had the effect of allowing the public and press for the first time to see how bills were marked up, a process usually done behind closed doors.

And finally a Steering and Policy Committee was created as the arm of the caucus to make recommendations on legislative priorities and party policy. Chaired by the Speaker, it is made up of the leadership and members from regions and at large.

The Vietnam war revived the caucus to instruct Democrats on policy.

In May, 1973, the caucus approved a resolu by Majority Whip Thomas P. (Tip) O'Neill (Mass.) instructing Democratic members of the Foreign Affairs Committee to report legislation setting a date certain for termination of U.S. military involvements in Indochina.

In May, 1973, the caucus approved a resolution barring the use of funds for the bombing of Cambodia, a decision the House upheld.

This year the caucus has instructed committees twice.

In May it instructed the Rules Committee not to report proposals for floor consideration until a caucus reform unit had a chance to review them.

Later that month, the caucus took action against powerful Ways and Means Committee Chairman Wilbur D. Mills (D-Ark), instructing him to allow votes on tax bill amendments that would end the oil depletion allowance and foreign tax credits for oil companies.

Last week, the Caucus again chipped away at Mills' power, voting to allow the speaker to nominate most of the Democratic members of a new Budget Committee. Traditionally, Ways and Means makes such committee nominations.

It was these actions plus talk by Democrats of imposing "congressional government" next year that alarmed the Republicans.

From the 1920s through the 1960s, the caucus was used to bind members or instruct committees only four times. In the last three years it has been used for that purpose five times—including three times in the past two months.

"There is considerable evidence accumulating that 'King Caucus' is making a comeback, and the Democrats are going to use it as a decision-making instrument," Anderson said.

But Democrats deny that anything like the old "King Caucus" is making a comeback.

First of all, they say, it's hardly a "king;" it's more like a princeling struggling to reestablish its legitimacy. They note Mills has been able to sidetrack the instruction to allow the anti-oil company amendments by simply not bringing up the bill.

Secondly, confusion and resentment over the old 1909 rule allowing a two-thirds caucus vote to bind members to vote a certain way on the floor is causing liberal Democrats to consider dropping it.

To take the place of the "binding" rule in enforcing party responsibility, liberals would rely on the rule empowering the caucus to instruct committee members on procedures for moving legislation through the House.

If a member does not comply with such a caucus instruction, he can be stripped of committee seniority, removed from the committee or expelled from the caucus.

Anderson said because only a majority vote is needed to instruct committees, the "instruction" rule is potentially worse than the "binding" rule, which requires a two-thirds vote. If only the barest quorum of 124 of the 247 House Democrats showed up at a caucus meeting, Anderson said, 63 members could impose their will on the entire 435-member House.

Democrats justify the instruction rule on grounds that it only deals with procedure, not substance.

But in Democratic ranks there remains some doubt as to exactly what role the caucus should play.

Advocating a significant role is Burton, who calls the caucus the "only conceivable mechanism" for achieving consensus among Democrats.

Burton has been described by Congressional Quarterly as having "a keen sense of how to accumulate and use power."

Since giving up the chairmanship of the DSG last year, Burton has maintained his influence, largely through his close ties with its savvy staff director, Dick Conlon.

At the same time he maintains a working relationship with more conservative Democrats such as Wayne Hays (Ohio), the powerful and sometimes vindictive chairman of the House Administration Committee, which holds the purse strings for House committees, Joe Waggonner (La.), leader of the conservative Southerners, and Mills.

One national Democrat, watching the work of Burton and Waggonner, another shrewd power broker, commented, "If you could ever breed those two, I sure would like a pup."

Mills, Waggonner, Hays and Burton recently combined to delay committee reform proposals by gathering enough votes in the caucus to send them to a caucus unit on which Burton serves. Burton was then instrumental in restructuring the reforms in a form more palatable to committee chairmen.

Now sources say Burton wants to run for caucus chairman next year. The present chairman. Rep. Olin Teague (D-Tex), says he will not seek re-election.

Burton denies he is seeking the chairmanship, but he said of the caucus, "It has grown in a manner that's been very constructive. It has truly not confirmed the worst fears. With reasonably wise use, it can improve the responsiveness of the institution with thoughtful solution to problem areas."

Burton's predecessors as chairmen of the DSG, O'Hara and Fraser, are less enthusiastic about the caucus' role.

"Such changes as we make have to be in strengthening the leadership of the party," O'Hara said. "I want the leadership to have a strong role . . . more flexibility, get them involved, give them greater control.

"Congressional power is so dispersed and fragmented, it's difficult to pin responsibility on anybody. So when something goes wrong now, the leadership can wring their hands and say, 'Isn't that awful, but we can't do anything about it. We have no control.'"

O'Hara would have the Speaker name committee chairmen and then have them ratified by the caucus, as a way of giving the leadership more responsibility and control.

"But I'm not for 'King Caucus'," O'Hara said.

Burton said, "The leadership performs best when it's responsive to the Democratic caucus."

Fraser would prefer that the new Steering and Policy Committee play a bigger role. He thinks the caucus is too unwieldly and diffuse to make policy decisions.

Fraser admits that the Steering Committee has not worked well so far. But if it had more staff, and if some members would take it on as a fulltime responsibility, he thinks it could serve as a sort of congressional "cabinet" for the Speaker, formulating policy in a wide number of areas, then coordinating that policy with committee chairmen.

In May, Fraser got 63 colleagues to sign a petition requiring the Steering and Policy Committee to prepare a program on the problem of inflation that could serve as a basis for legislation.

The speaker of the committee responded by calling in a number of top economists to advise them. Then they came but with a series of suggestions which they will seek to pass as a resolution on the floor this week.

Fraser is hopeful, but a little worried. "If they came out with a statement and then nothing happens, it will underscore our ineffectiveness. What they have to do is figure out what's within reach and make it happen, call in people from committees and create such movement."

Burton feels the Steering and Policy Committee should be subject to the caucus too: "It has too many leadership appointees."

One thing the Democrats agree on is the need to achieve agreement in their ranks.

If they pick up a good number of seats in November but then dissolve in disunity and chaos, they fear a public backlash that could elect a Republican President in 1976 and, even worse, return to the Republicans the seats they might lose this year.

In that case, "King Caucus" would occupy a powerless throne.

VIRGINIA RESIDENT URGES LOCAL CITIZENS BE HEARD ON LEGISLATION TO SAVE NEW RIVER

HON. WILMER MIZELL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. MIZELL. Mr. Speaker, in my efforts to save the New River, I have thought that one of the strongest points of my bill, H.R. 11120, is that it would allow residents of the New River area to be able to present their own opinion on what is best for them.

Mr. Lorne R. Campbell, of Independence, Va., made this point very well when he testified before the House Interior and Insular Affairs Subcommittee on National Parks and Recreation. Mr. Campbell is a prominent attorney, and has served ably as counsel for the New River Chapter of the Izaak Walton League, and as president of that fine organization.

In addition, he is one of the many citizens privileged to live in the beautiful New River area. I am pleased to insert his remarks into the RECORD today:

REMARKS BY LORNE R. CAMPBELL

Mr. Chairman and Members of this Committee: I am Lorne R. Campbell, presently a resident of Ashe County, North Carolina, with my Law Office in Independence, Grayson County, Virginia. For several years, I have represented various conservation organizations and until recently I was associated with the Commonwealth Attorney of Grayson County, each group dedicated in their efforts to save New River from destruction and to protect the people of the Upper New River Valley from the devastation of their lands and their livelihoods.

This Committee holds within its hands their destiny of a river—the life or death of a free-flowing river, one reported to be the second oldest river on this Earth, millions of years old. Geologists have stated that it was the source of the Teays River, a system that evolved into what is now the Mississippi River.

For ten or more frustrating years, we have fought adminstrative bureaucracy. In simple terms, our single goal was for an opportunity for the people of the affected area to be able to personally confront the Administrative Law Judge and to participate personally in those proceedings affecting their lives. No hearings have been held within the affected area. We failed because of the adamant position taken by the Administrative Law Judge to exercise his discretion to hold public hearings at places of his choice and pleasure. This is his prerogative.

Being here before you today pays tribute, in these troubled times, to the political processes of our Government actively, functionally at work. We can stand before you, virtually penniless when compared to the awesome treasury of the American Electric Power Company, and speak on behalf of those who want to be heard and be present in the forum where the fate of their land and their lives is to be determined. We simply ask for appropriate hearings to be held in the areas of New River—Ashe, Alleghany and Grayson Counties. We express our pride for the courage of those members of Congress and of the United States Senate, who, by their faith in our political processes of our Government, tenaciously pursued a course of action that now brings us before you today.

There will probably be presented to you today a petition opposing the inclusion of New River for study for potential consideration as a segment of the Wild and Scenic Rivers System. I make the avowal to you gentlemen that I personally filed the signatures of over 2,000 people opposing the Blue Ridge Project, and I have personal knowledge of the signatures of 3,500 people from West Virginia filed opposing the project before the Federal Power Commmission.

Mr. Chairman, we all know that personal attendance, and individual appearances and expressions are more meaningful than petitions. Personal participation in the political

processes of our Government have resulted in the election of you gentlemen to Congress. By the same token, open personal participation in the political problems and policies of our Government should be available to the people—most especially when their lives and livelihoods are being uprooted and their environment destroyed.

Previous hearings at Administrative agency levels were held in Washington for the convenience of the proponents of the project and staff of the Federal Power Commission. Those procedural practices of the agency have been, and are being, challenged by us.

The life or death of New River is in your hands, the welfare of those of this generation and the heritage of coming generations are involved in your consideration of the bill pending before you. Unfortunately, we do not have access to 3.7 million dollars for advertising our position in this and related matters, but we have something greater—we have faith in the political system which, after all, sets the guidelines for the Administrative agencies.

Give us a forum in which to express ourselves—not an overview from a helicopter. Permit us public participation in support of or in opposition to the life or death of New River, and the lives and future of the people of the Upper New River Valley.

We sincerely urge favorable action by you on this bill.

Mr. Chairman, I ask for leave to file, prior to June 13, 1974, certain supplemental data and documents relating to the statements I have made.

A LAW THAT LETS ONLY ONE SIDE LIE

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. HANRAHAN. Mr. Speaker, all laws are not reversible even though they should be. The law that makes it a crime for a person to lie to a Federal official is a good example. I wish to insert this Chicago Tribune article for the interest of my colleagues:

A LAW THAT LETS ONLY ONE SIDE LIE

(By William Safire)

WASHINGTON.—The most tyrannous law on the statute books today is Section 1001 of Title 18 of the U.S. Code, which makes it a crime for a person to lie to any federal official. [It is not a crime, of course, for a federal official to lie to any person.]

While most civil libertarians have shyly averted their gazes, this newly discovered prosecutorial treasure has been used in many Watergate cases.

Under Section 1001, any citizen—not under oath, not informed of the danger—who as much as looks cross-eyed at any petty federal bureaucrat or investigator can be hauled before a grand jury and indicted for an offense that carries a jail term of five years.

Since the best way to repeal a bad law is to insist on its equal application to all those who break it, let us consider a couple of recent probable violations of Section 1001 by eminent guardians of the public trust.

On March 10 of this year, a startling story was filed out of Cleveland by United Press International reporter Pete Spudich: "No evidence was produced in the Senate Watergate hearings to support impeachment of President Nixon," Watergate Committee chairman Sen. Sam Ervin [D., N.C.] said Sunday. The story was based on remarks made to several reporters after a speech at Case Western University, in which Ervin agreed with Nixon that an impeachable offense had to be a federal crime.

No evidence to support impeachment, according to Ervin? Even in paraphrase, that was an important judgment, and the senator's surprising exoneration of the President was confirmed by another reporter present, Bud Weidenthal of the Cleveland Press, who wrote that Ervin "also said that he learned nothing during the long Senate investigation that indicated to him that Nixon had committed an impeachable offense."

When panic-stricken aides of Ervin pointed out to him the cold-print accounts of what he had said in Cleveland, the senator realized the magnitude of his gaffe. Although the heavens would not have fallen if he had admitted a mistake, or that he had second thoughts about his statement, he did what most politicians do to cover up a blunder: He claimed he never said it.

On the Senate floor, he told 99 federal officials: "I hereby categorically state that I did not make any such statement. . . ." But at least two experienced reporters, writing independent accounts of what he said, reported just the opposite. Somebody was not telling the truth.

If the person not telling the truth were the only one of the three who had any motives for lying, then the august chairman of the Senate Watergate Committee is in violation of Section 1001 and should be prosecuted.

Another example: On June 27, House Judiciary Committee chairman Peter Rodino told Jack Nelson and Paul Huston of the Los Angeles Times, and Sam Donaldson of ABC, that he believes all 21 Democratic members of the committee would vote to recommend the President's impeachment.

Since that was a boneheaded thing for a man trying to strike an impartial pose to say, chairman Rodino's reaction when he read Nelson's story was predictable. He took to the floor of the House of Representatives and did knowingly and willfully say to 434 federal officials: "I want to state unequivocally and categorically that this statement is not true. There is no basis in fact for it, none whatsoever."

If what Rodino says is true, three respected Washington newsmen are lying in their teeth and filing false reports to their readers and listeners.

But if the only one of the people involved who has a motive to lie has indeed deliberately misled his fellow federal officials, then he is in clear violation of Section 1001, 18 U.S. Code, maximum penalty five years and $10,000.

We had best rid ourselves of Section 1001 before we are forced into the irony of prosecuting those who lie to cover up their blunders as they pursue those who lied to cover up their blunders. After all, no men—not even chairmen—should be "above the law."

NO FURTHER PUNISHMENT

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. COLLINS of Texas. Mr. Speaker, I just read an excellent editorial in yesterday's Dallas Times Herald. It was headed up "No Further Punishment." This is especially timely because this same newspaper called for the impeachment of Richard Nixon just a few days earlier.

But as the situation moved forward they also kept pace with this compassionate suggestion.

This past weekend as I watched my television set, I saw an interesting nationwide program on the Public Broadcasting Service network. One part of the program was a panel from Dallas. They were speaking on their reactions regarding the President's resignation and the new Vice President.

I was particularly impressed with the observation of Tom Unis, who is one of the outstanding lawyers in the entire South. The question was asked of whether the President should be called in for further trials or actions.

To this Tom said "no" and his reasoning was that the purpose of a sentence is to punish a man. He said he felt this man had been punished as much as any man in history and the suffering he had in resigning from the Presidency should mark the end of all actions.

I know you will want to read the editorial from yesterday's Dallas Times Herald:

NO FURTHER PUNISHMENT

Richard M. Nixon makes the transition to private citizen carrying the deepest scars of humiliation a President of the United States has ever known.

No other man has ever resigned the presidency.

His punishment is severe and etched into the eternity of history.

It should end with no further pursuit of the man and his family.

The Congress, the Justice Department, the states should waive further prosecution based upon the evidence now at hand. If future conduct as private citizen should demand judgment by his peers, that is something else.

But relieve him of further penalty based upon the sins of Watergate.

Normally, equality of justice is defended and demanded by this newspaper, but it feels that the preponderant mass of this nation's citizens feel that no further punishment should be visited upon this man and his family.

His misdeeds were of political origin—misdeeds that make him suspect of obstructing justice, a liable offense. Some others have been tried and convicted and sentenced to prison terms.

And that makes justification of immunity for Mr. Nixon difficult to defend. But it should be recalled in a spirit of compassion that there is no evidence that he participated in the planning, the conniving that preceded the actual offenses.

The public charges against Mr. Nixon refer to his role in the coverup after the fact. Indeed, he admits to misuse of his power in trying to cover and shield a senseless act that endangered the life of his political party.

It has been done before and, sadly, it probably will be done again in the fire and smoke of a two-party system that breeds chicanery and behind-the-scenes defensive measures when the act is exposed.

Hopefully, under President Gerald R. Ford's honesty-is-the-best-policy inaugural vow, it will disappear.

Meanwhile, it is not valid as law, but a Congressional resolution urging that Mr. Nixon be spared of further Watergate prosecution would be a welcomed end to a period that has wracked the country. It is to be hoped that Special Prosecutor Leon Jaworski will follow the same path.

The country doesn't want blood from Richard Nixon. It wants a rest—and a fresh start.

THE HARLEM CONSUMER EDUCATION COUNCIL

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. RANGEL. Mr. Speaker, it goes without saying that the poor people of this country are systematically and consistently subjected to consumer fraud, harassment, false advertising, and larceny. Though we are all more conscious of consumer reform and law enforcement, these everyday rip-offs of the disadvantaged still take place.

In my home community of Harlem, there is a fighter that is struggling to eliminate this kind of economic oppression. Just a few days ago, Mrs. Florence Rice opened her second consumer education center in Harlem. The organizer of the Harlem Consumer Education Council, Inc., Mrs. Rice has accomplished extraordinary things in improving the lot of the consumer in New York City. An article in July 16 New York Times reported the opening of the consumer center. It is now submitted for the attention of my colleagues.

[From the New York Times, July 16, 1974]

PRAISE FOR HARLEM "PEOPLE'S ADVOCATE" MARKS OPENING OF SECOND CONSUMER OFFICE

(By Charlayne Hunter)

In a small, cramped storefront in Harlem, Federal, state and city officials and a few "arch-enemy friends" joined Florence Rice yesterday in opening her second consumer-education center uptown.

Mrs. Rice, who organized the Harlem Consumer Education Council, Inc., in 1963, and has been active in a range of consumer problems since, was praised as a "pioneer" and "a people's advocate" and as someone who "puts any money she gets back into the community."

In turn, she pledged to continue her battles in the consumer arena, particularly her long-standing ones with the utility companies.

Before the informal opening ceremonies, guests who preferred the heat outside to the heat inside talked about Mrs. Rice and her tireless efforts, often without remuneration, on behalf of poor people.

AIDED BY URBAN COALITION

"Any money she gets she puts back into the community," said Luther Gatling, executive assistant to Eugene Callendar, president of the New York Urban Coalition. Both he and Mr. Callendar said that the coalition had been helping Mrs. Rice for the last year, and that they planned to help her draw up a proposal to some foundations.

"She needs at least $50,000 a year to do just the barebones work in consumer education," Mr. Gatling said.

"She can't get any money because of what she's doing," Mr. Callendar said. "She's a real people's advocate" before the state Public Service Commission and the Federal Trade Commission. "If you have a problem with your phone bill or your gas bill, you don't call Con Ed or the phone company, you call Florence."

Others, who asked not to be identified, said that Mrs. Rice had turned down offers of grants from Consolidated Edison and the telephone company.

IRKED BY DUNNINGS

Mrs. Rice, who over the years has been outspoken at hearings and public forums about billing practices and complaint procedures of the major utility companies, said that she had found that "people in this area"—Upper Manhattan—were "still having to pay exorbitant deposits, and there's a lot of estimate billing and people getting dunning letters saying they've got to pay immediately."

Among those attending the opening at 1956 Amsterdam Avenue at 157th Street were Attorney General Louis J. Lefkowitz, Richard Givens, region Federal Trade Commissioner, and Consumer Affairs Commissioner Elinor Guggenheimer, both of whom pledged their support to Mrs. Rice's efforts.

Also present were representatives of the Public Service Commission, the Telephone Company and Con Edison, which Mrs. Rice described as "my arch-enemy friends."

"We're going to take care of Florence's people," said Waymon Dunn, deputy assistant to the chairman of Con Edison.

"We're going to take care of all the people, honey, because I'm going to send them to you," Mrs. Rice replied.

Mrs. Guggenheimer said, however, that she was "worried about consumer offices that help them do something."

"A lot of them are confusing the consumer about where you can get governmental action, and where you can go and talk to a friend," she said. Florence is education. She isn't saying that she's the complaint resolution center."

One such agency, a branch office of the Manhattan District Attorney's office at 55 West 125th Street, was established last month, specifically to handle cases involving thefts by deceit and defrauding consumers.

ABOUT 122 CASES IN MONTH

Figures released by District Attorney Richard H. Kuh yesterday showed that the agency had handled 122 complaints in its first month, 16 of them involving allegations of crime.

Of that number, 13 are being investigated further on possible charges of harrassment, fraud, false advertising and larcency. The remaining number involving civil problems were referred to "more appropriate agencies," along with WMCA's Call for Action program.

"A starting volume of 30 complaints a week between June 10 and July 9 demonstrates that district attorneys throughout the country should take their offices to the people," Mr. Kuh said in a statement released to the press.

Mr. Kuh estimated that the figure "will spring upward," as more people learn about the office, which is on the 11th floor of the Charles A. Vincent Building on 125th Street near Lenox Avenue. It is open daily from 9:30 A.M. to 6 P.M., and on Saturdays until 1 P.M.

SUPREME COURT BUSING DECISION NOT RACIALLY MOTIVATED

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. ASHBROOK. Mr. Speaker, following the recent Supreme Court decision prohibiting busing across school district lines in Detroit, there have been some charges that the ruling was racially motivated. I consider it a great disservice to attribute this decision to racism.

John Lofton, a nationally syndicated columnist, effectively refutes the contention that being antibusing is synonomous with being antiblack. Citing opinion samples such as the National Opinion Research Center's General Social Survey, Lofton shows "busing is not perceived as a racial issue." The General Social Survey shows that while 83 percent oppose busing from one school district to another, 84 percent favor whites and blacks going to the same school and 85 percent state that it makes no difference to them if a black, with the same income and education, moves into their neighborhood. This strongly suggests that the motivations for opposing busing are not racist motivations.

Following is the text of the Lofton article:

THE BUSING DECISION HAS NO RACIST ROOTS

(By John Lofton)

WASHINGTON.—The Supreme Court's decision banning busing across school district lines in Detroit—and probably most anywhere else too—is certain to be hailed in some quarters as yet one more victory for red-neck racists who hate Negroes.

As a matter of fact, the ink on the ruling had barely dried before Nathaniel Jones, chief counsel for the National Association of Colored People—NAACP—had characterized it as coming "pretty close" to reactivating Dred Scott.

But a calm look at the facts shows that Mr. Jones simply doesn't know what he's talking about.

A recent article in the Public Opinion Quarterly by Jonathan Kelley, assistant professor of sociology at Yale University and senior research associate at the Center for Policy Research, concludes that the subjective motivations for opposing busing are not racist at all.

Based on data from a large countrywide sample from the National Opinion Research Center's General Social Survey, the findings strongly suggest that among the public at large, busing is not perceived as a racial issue.

The survey shows that while 83 percent oppose busing from one school district to another, 84 percent favor whites and blacks going to the same schools. As regards housing, 85 percent said it made no difference to them if a black, with the same income and education, moved into their neighborhood.

In sum, says the article, this evidence strongly suggests that being against busing is not part of the racism syndrome for the majority of our population.

There are also other surveys which refute the idea that being anti-busing is synonymous with being antiblack. An opinion sampling of a New York City municipal workers' union that has been a consistent supporter of civil rights, shows that 63 percent are against busing to achieve integration. This finding was obtained by Columbia University researchers in random interviews with 501 members representing a cross-section of District Council 37 of the American Federation of State, County and Municipal Employes. The local has 105,000 members.

In revealing the results of the poll, taken last summer, the council said in a statement that the social and political attitudes of its members were generally "considerably more liberal than the mainline political spectrum in the United States today." The statement noted that the union has a "generally strong commitment to civil rights and integration."

What distresses me about the statement by Nathaniel Jones is that it gives aid and comfort to the forces of ignorance in our society who equate being opposed to busing with being opposed to black progress.

This is demonstrably untrue. And as chief counsel of the NAACP, Mr. Jones should know this. Unless of course he's indulging in his own brand of racist demagoguery to fire up the troops—in which case we hardly need a poll to tell us what's motivating him.

AID FOR FOREIGN STUDENTS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BROWN of California. Mr. Speaker, there are many pressing problems before Congress at the present time. Inflation must be dealt with, tax reforms must be legislated, and an environmental crisis is developing rapidly. With all these enormous items to be considered, I realize it is difficult to momentarily turn your attention to an issue that only affects 17,000 people—but I ask for that attention, because I feel this to be of an important nature.

The subject I am referring to is that situation brought about by Commissioner Chapman's hasty decision in April 1974, that threw the foreign student work permit distribution into a turmoil. As the months go by, the problem grows worse. A large number of foreign students have no funds to even live on, much less continue school. I wonder how the Commissioner or the Congress can expect these students to have foreseen this change in policy and thereby prepare themselves in advance for a jobless summer. I also wonder how long we can ignore the growing publicity and protest over this issue.

The following articles are a demonstration of this growing concern:

[From the Christian Science Monitor, Aug. 6, 1974]

FOREIGN STUDENTS IN JEOPARDY

(By George Moneyhun)

NEW YORK.—Thousands of foreign students studying in the United States suddenly find themselves without work this summer and facing possible deportation because of a new government edict barring them from jobs.

A strict new policy instituted in April by the U.S. Immigration and Naturalization Service (INS) has drastically cut back the number of international students allowed to take temporary summer jobs this year.

Immigration officials say the new policy aims to give young Americans—minorities and Vietnam veterans in particular—first crack at job opportunities during a period of unusually high unemployment.

Across the country, however, university officials and student groups are attacking the policy as short-sighted and ineffective. They charge that the number of foreign students in this country is so minute that even if all of them found jobs, their impact on unemployment would be nil.

Many of the foreign students have taken jobs without working permits and thus face possible deportation if apprehended.

Skirkumar Poddar, president of the International Students Foundation, a non-profit group formed to help some 17,000 students suddenly faced with economic crisis and the prospect of abandoning their education, says the jobs most of the foreign students seek are those Americans do not want anyway.

"The minorities and Vietnam vets don't want summer jobs, or part-time work," he argues. "They want full-time permanent jobs. The students aren't competing for those."

Mr. Poddar, a native of Bombay and himself a student in Michigan until recently, says officers of the National Restaurant Association told him they have half a million jobs as busboys, dishwashers, and waiters going begging—but Americans don't want them.

Charles McCarthy, a deputy Immigration Service commissioner, says, "There is no provision in the law for foreign students to accept employment. However, over the years, the Immigration Service has recognized that students do fall into economic difficulty, and until this past April, we have generally granted permission for them to accept jobs if they could show it was an economic necessity—that they were in difficulty.

"They have been allowed to work 20 hours a week during semesters and full-time during summers."

This year, however, Mr. McCarthy says, the U.S. Department of Labor recommended to INS officials that they discontinue the practice, noting that in the summer of 1973, some 1 million Americans were unable to find jobs, and that unemployment estimates for this summer were even worse.

Mr. McCarthy stresses that before foreign students are allowed to study here, they must produce evidence that they have funds enough to provide for themselves.

Even with the new ruling, he insists that students who show "an economic necessity due to unforeseen circumstances" are given permission to work. A survey of 64 educational institutions across the U.S., however, made last month by the Institute of International Education, indicates a drop of at least 40 percent in number of foreign students working this summer.

ABOUT 60 PERCENT APPROVED

Of some 8,600 summer work applications that were made, 5,071 or 58.5 percent were approved. Under last year's procedures "virtually all such requests would have been approved," college authorities told the institute, a non-profit organization that administers international scholarships.

Wallace B. Edgerton, president of the education institute, warns that there will be "a decline in the number of foreign students enrolled in American colleges and universities. . . . American higher education is being forced steadily toward an insularity that threatens to deprive students from abroad of an education in this country."

Some 150,000 foreign students are studying on American campuses this year, a relatively small part of the more than 8 million students in U.S. colleges and universities.

Approximately 93,000 of the foreign students have scholarships from their home countries; about 57,000 are "on their own" without any sponsor, and of these, some 38,000 hold on-campus jobs that require no work permit.

Two bills have been introduced in Congress that would amend the Immigration Act to authorize colleges and universities to issue work permits when schools are not in session.

But even if the bills are passed, they will not be in effect soon enough to help students this summer.

[From the New York Times, Aug. 4, 1974]

FOREIGN STUDENTS GET SUMMER AID—BUT BENEFACTORS DEPLORE FEDERAL BAN ON JOBS

(By Pranay Gupte)

BOSTON, August 3.—Help has been received by some of the thousands of foreign students across the country who are experiencing severe financial hardship as a result of a decision by the Federal Government prohibiting them from accepting summer employment.

To ease their hardship, some of these students—mostly young men and women from the developing countries—are being given room and board for the summer by "host families." Others are being lent money by friends or their schools to see them through the vacation period.

And in the last few weeks, Shrikumar Poddar, a wealthy immigrant businessman from Lansing, Mich., has started a new organization called the International Students Foundation to assist foreign students facing financial distress or problems with the United States Immigration and Naturalization Service.

The Immigration Service ruled last May, just as the academic year was about to end at most schools, that foreign students would not be permitted to accept jobs during the summer vacation because such employment would deprive young Americans, particularly minority group members and Vietnam veterans, of job opportunities.

There are some 150,000 foreign students in the United States at present of whom about 20,000 would normally seek summer jobs to defray living expenses.

SOME EXCEPTIONS MADE

Despite its own restrictions on summer employment, the Federal Government has invited 5,000 youths from Western European countries to this country to work and travel as part of an exchange program this summer.

Paul A. Cook of the State Department's Bureau of Educational and Cultural Affairs, explained that plans for this trip had already been completed will before the Immigration Service's decision on summer employment was made.

"It's simply outrageous," Mr. Poddar, the businessman, said in an interview, referring to the Immigration Service's decision. "These students are caught in a bind because they don't have the money to stay here and they don't have the money to go home for the summer."

One of the students that Mr. Poddar's organization is helping is Shree P. Loya, an Indian who is about to receive a master's degree in business administration at Central Missouri State University in Warrensburg, Mo.

"I gave up a graduate assistantship to take up a salesman's job just before the summer vacation," Mr. Loya said. "I needed the money to repay a $7,000 loan I obtained through a charitable organization in India. Now I have neither the job nor my assistantship. What am I going to do?"

Another student, Buiketlo Ponalo, a Rhodesian who attends Dana College in Blair, Neb., said: "Mine is a tense situation, as a result of which I suffer nightmares. I have no one to turn to."

Here in the Boston area, where there is a larger concentration of foreign students than anywhere else in the country, the situation appears to be particularly bad.

Joseph Benton, a manufacturer in Natick, Mass., and his wife, are hosting two Nigerian students for the summer. Mrs. Benton said that their own children were traveling in Europe and so there was ample room in their house.

"But when the news got around that we were hosting students, we began getting all kinds of calls from other foreign students asking whether we'd be able to help some more out," Mr. Benton said.

Immigration Service officials maintain that in instances where foreign students were able to prove that they would be stranded unless they obtain summer jobs, permission for employment was granted. In a report released in Washington today, the agency revealed that about 8,000 foreign students had been given job permits this summer.

But Mr. Poddar contends that these permits were given much too late in the summer employment season and that, anyway, job permits did not mean that the students would actually get jobs. "How many of these 8,000 students can really get worthwhile jobs late in the summer?" he asked.

Mr. Poddar is lobbying in Washington to get Congress to pass an amendment to the immigration law so that the orignal practice of allowing summer employment for foreign students can be reinstated.

A bill for such a provision is pending in the House of Representatives.

Representative Joshua Eilberg, Pennsyl-

vania Democrat who is chairman of the Immigration and Naturalization Subcommittee of the House Judiciary Committee, has indicated that he will hold hearings on the issue soon.

[From the Christian Science Monitor, Aug. 8, 1974]

FOREIGN STUDENTS IN UNITED STATES

The historic role of American universities as alma maters to a long list of leaders and public servants throughout the world appears to be overlooked by a New United States Immigration Service policy drastically restricting summer and part-time jobs for foreign students.

America itself would be a big loser if many of these students are forced to abandon their education here and return home before graduating. Their presence in classrooms and campus life across the country has enriched the education of any number of American students, while the foreign students themselves have gone home with a deeper appreciation and understanding of America. The contribution this process has made to international diplomacy is incalculable.

Of course, Pakistan's Prime Minister Bhutto (University of California) and the Philippines Foreign Minister Romulo (Columbia) probably wouldn't have been affected by a job cutoff.

But a host of lower officials, journalists, and educators of humbler background in their countries might never have made it through.

As U.S. education officials point out, the number of foreign students needing summer or part-time work to help support themselves is minuscule (not more than 20,000) compared to the employment problem in this country. They may be competing for certain jobs with American students—but not for the kind of regular employment needed by Vietnam veterans and minorities whom the government says it is trying to protect. We urge the U.S. Immigration Service to reconsider its policy.

WHY DO WE CONTINUE MAKING LOANS ABROAD?

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. KETCHUM. Mr. Speaker, with interest rates in this country reaching record highs, a great many Americans wonder why we continue to lend money abroad at subsidized rates, or make outright gifts of millions to foreign nations. It is particularly disturbing when funds are sent to the Soviet Union or other Communist nations. Recently, I received a letter from Mrs. Loretta Knowles of Barstow, Calif., which eloquently expresses this frustration, and I urge my colleagues to read it.

The letter follows:

[OPEN LETTER]

BARSTOW, CALIF.,
July 31, 1974.

The PRESIDENT,
Washington, D.C.

DEAR MR. PRESIDENT: Should a citizen respect and support an administration that "gives aid and comfort" to the enemy? One that:

Authorizes a $180 million Export/Import bank loan to the Bank of Foreign Trade of the Soviet Union to help finance $400 million worth of U.S. engineering and equipment for a fertilizer complex;

Or negotiates a Soviet chemical plant project costing up to $600 million;

Or helps pay for redevelopment of old oil fields in the USSR;

Or participates in the construction of huge aircraft and truck manufacturing complexes which are financed by loans and guarantees of the Export/Import bank, which is money out of the pockets of the American taxpayers;

Or one that our present agreement with the Soviet will permit their land and sea based missile forces six times more powerful than our own;

Or one that sells wheat, at bargain prices, on credit to the Soviets costing the American taxpayers $3 billion in higher food costs;

Or one that pays to sweep the mines and open the Suez Canal, saving the Soviets a 6,000 mile trip around the tip of Africa.

If we wanted to live in the Soviet Union we would but we chose to live in the United States of America, the land of the free and the home of the brave. Yet there is nothing brave about an administration which allows the United States to become a second-rate power and one that authorizes a $476 million national debt so that present day citizens and 21st century citizens are already heavily mortgaged to pay for what you consider trade relations but which we consider treason.

Despite executive powers vested in the Office of the Presidency of the United States, no President, as an individual, can unilaterally commit this country to any course of action or inaction that is patently against the best interests of the United States vis-a-vis the interests of any potential adversary. (Senator Robert C. Byrd, Congressional Record, June 25, 1974, pages 20853–20854.

Or is it that whatever the Nixon-Kissinger team has put together—let no man put asunder?

Sincerely,

(Mrs.) LORETTA KNOWLES,
President, Barstow, Calif. Unit, Women for Constitutional Government.

TOM JUKES AND THE SIERRA

HON. JEROME R. WALDIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. WALDIE. Mr. Speaker, several years ago, while back-packing in the Sierra, I met a man at an evening camp who seemed more a part of the mountains than anyone I have ever known.

In what was perhaps one of the most memorable evenings I have ever spent in the Sierra, Prof. Thomas Jukes spoke to me and my two young sons and others in our two camps on the experience and wisdom and lore of the mountains that were uniquely his big reason of an enduring and lengthy love of the Sierra.

Tom has sent me a poem he has written that captures the essence of the mountain man of today.

It should be shared with others who yearn as do I for "a place where there is nothing but rocks, snow and the sky."

The poem follows:

THE DROP-OUT

(By Tom Jukes)

I met a man—
Resting beside a clump of white-bark pines
At about 12,000', on the east side of the Sierra Nevada,
On the ducked route to Lamarck Col,
At noon on August 15.

He was white-haired, and looked like
A man you might see taking care of a country gas station, or running
A small store. But here he had an ice-ax,
And a well-loaded Kelty knapsack.
He looked tired. He hailed me,
And walked over to ask for news of the high places.

He was glad to see me, he said, because
The only people he had seen that day
Were fishermen and tourists".
How was the pass? I told him it was in fine shape, with a well-tracked
Path up the summit snowbank.

He said that he planned a short
Circular trip; over Lamarck Col,
Down Darwin Canyon, over Alpine Col
And back across Piute Pass. No fishing.

Alpine Col, I thought; is rough and lonely.
It is at the head of a high cirque where no-one goes.
There would be steep snowbanks on the north side.

Yet I said nothing, because I felt
I knew why the man was going there.
Some people rebel by
Showing off before crowds. Some
Drop out, or take drugs.

But there are a few who rebel by
Pitting themselves against Nature,
Alone, in a place where there
Is nothing but rocks, snow
And the sky. No fishermen or tourists.

And then they go back to running a country
Gas station, or taking care of a
Small store.
So all I said was "Good Luck!
Have a good time." And I
Shook hands and bade farewell
To the man I had met under the
Hot noon sun on the talus slope.

On his way, to where
There is nothing but rocks, snow and the sky.
Except that, in the bare granite sand between
The rocks, the yellow hulsea bursts
Into bloom; seeming to live on the
Thin air,

And a spicy smell tells the climber
That blue polemonium is near by,
And fat marmots whistle because
A golden eagle has wheeled high above them.

Where a white-haired man, tired, sweating
And aching, pauses for breath,
Eats a handful of wet snow, and starts
To climb again.

INTERNAL THREATS PROBABLE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. ASHBROOK. Mr. Speaker, during the past few years our Nation has suffered a serious decline in internal security. A year ago the Subversive Activities Control Board was eliminated. Currently there is a move in Congress to abolish the House Internal Security Committee.

I am deeply disturbed by this trend. Internal subversion by foreign governments still poses a grave danger to our country.

The need for continued vigilance is supported by an editorial in the July 22, 1974, Medina County Gazette. As the editorial contends:

There is no reason to conclude that powerful nations whose aspirations are in conflict with ours have ceased their efforts at both espionage and subversion.

This being the case, and while we would join in deploring senseless witch-hunting, our vote goes for any and every sensible program that will protect us from the international spy, agitator and subversive.

I congratulate the Medina County Gazette for its courageous stand. I urge my colleagues to give this editorial their consideration.

Following is the text of the editorial:

INTERNAL THREATS PROBABLE

Five years ago the House of Representatives quietly dropped the title of the House Un-American Activities Committee. Its successor, the Commitee on Internal Security, was parked well off the legislative freeway with no tasks assigned.

President Nixon, undoubtedly sensitive to the domestic surveillance issue recently abolished the attorney general's list of subversive organizations which has been in existence since 1947.

Concurrently, the House Judiciary Committee is taking a hard look at the 17 national security wiretaps that President Nixon has ordered since 1969. The inference is that some of them may not have been necessary.

None of us is blessed with clairvoyance. Maybe the wiretaps were necessary and maybe they were not. It is a fact that hard judgments on national security matters must be made in the context of the times—sometimes of the hour—and errors of omission can be costly. The House Internal Security Committee did fulfill a useful function during its active era. The subversives list did raise public awareness of a grave danger to our country, and it did help officials to gain public support for programs to counter the threats.

The real question now is whether or not the problems which brought these functions into being still exist.

We believe they do. There is no reason to conclude that powerful nations whose aspirations are in conflict with ours have ceased their efforts at both espionage and subversion.

This being the case, and while we would join in deploring senseless witch-hunting, our vote goes for any and every sensible program that will protect us from the international spy, agitator and subversive.

CONTROLS

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. SYMMS. Mr. Speaker, now that President Gerald Ford has asked all of us to contribute suggestions to deal with our No. 1 domestic problem—inflation—there are many, I fear, who are urging the reinstatement of the discredited system of wage and price controls.

I would like to call to the attention of our colleagues, Mr. Speaker—and especially to those who have not yet learned the uselessness of wage and price controls as a means of fighting inflation—a perceptive lecture given by the editor of Barron's, Mr. Robert Bleiberg, at Hillsdale College in Michigan.

The conclusion of Mr. Bleiberg's lecture may be summarized in one paragraph. He asked:

What did wage and price controls achieve? Well, let's look at the record. In early May of 1972, Don Conlan, chief economist of the Wall Street brokerage firm of Dean Witter & Co., estimated that wholesale prices at the time were roughly where they would have been without controls. Projecting trends evident prior to August 15, 1971, he reckoned that the Wholesale Price Index in March of 1972 would have stood at 117.5% of the 1967 average. The actual figure was 117.4% observed Mr. Conlan: All that grief and confusion for one tenth of a percentage point improvement over free markets.

Mr. Speaker, I would like to submit this lecture for the RECORD at this time as a valuable guide to what we should not do in the future:

FAREWELL TO WAGE AND PRICE CONTROLS

(By Robert M. Bleiberg)

August 15, 1971, was another Sunday that Americans will long remember. That evening President Nixon, against the best advice of his economic counselors, and in total repudiation of his party's campaign platform, took the unprecedented step of imposing wage and price controls upon the United States in the absence of a war emergency. Today (April 23, 1974), half a dozen freezes and phases and thirty-two months later, the U.S. stands on the brink of decontrol, despite last ditch efforts to extend them on a stand-by basis.

So controls will soon be gone, but, if we are wise, not forgotten. For there are major questions to be asked about this aberration of economic policy, this sudden lurch to port by the ship of state, and there is much to be learned from the answers. Among other questions which we should ask ourselves are these: (1) Why were wage and price controls imposed? (2) Who favored them? (3) How were they administered? (4) What have they achieved? (5) At what cost?

To the first question a measure of historical and philosophic perspective is in order. Long before the New Deal influential economists, despite a persuasive array of evidence to the contrary, had clung to the view that large aggregates of capital, so-called big business, commanded the power to raise or lower prices at will. That is, to administer them. In the early 30's, Berle and Means, in their famous book, *The Modern Corporation and Private Property*, and the Temporary National Economic Committee, endowed this thesis with a measure of statistical plausibility.

Since World War II, similar views have been expressed with eloquence and skill—if remarkably little factual basis—by John Kenneth Galbraith, author of *The Affluent Society, American Capitalism*, and *The Liberal Hour*, as well as others of like persuasion. For a generation or two, by the same token, various arms of government, notably the Federal Trade Commission and the antitrust division of the Department of Justice, have made a career of attacking alleged monopolies. Nor can it be denied that this delusion—namely, that private industry can truly fix prices—is shared not only by bureaucrats but also by quite a few businessmen.

But President Nixon unveiled the New Economic Program in August, 1971, as the same man who in 1968 assured the American people: "The dynamism of our economy is produced by millions of individuals who have the incentive to participate in decision-making that advances themselves and society as a whole. Government can reinforce these incentives, but its over-involvement in individual decisions distorts the system and intrudes with inefficiency and waste." In a campaign speech, Mr. Nixon put the issue in the strongest terms: "The imposition of price and wage controls during peace-time is an abdication of fiscal responsibility. Such controls treat symptoms and not causes. Experience has indicated that they do not work, can never be administered equitably and are not compatible with a free economy."

Several of his key advisers shared these beliefs, in particular, Arthur F. Burns, now chairman of the Federal Reserve Board. And on July 28, 1971, barely three weeks prior to that fateful August 15, Paul W. McCracken, chairman of the President's Council of Economic Advisers, publicly assailed John Kenneth Galbraith, who, in testimony before the Joint Economic Committee, had urged the imposition of wage and price controls. "The difference between Professor Galbraith and the Nixon Administration on this matter is clear," he said. "Believing that the price system contributes nothing to the well-being of the American people, he is prepared to suppress it. Believing that the price system has a major part in the high standard of living and economic satisfaction of the American people, we are determined to strengthen it."

But three weeks later, as noted, along came the New Economic Program and wage and price controls.

NEP, however, was only part of a more sweeping package, and here, in my view, lies the true explanation of the Nixon Administration's sudden about-face. Apart from its impact on the domestic scene, this grotesque package also contained provisions of far-reaching significance abroad. Specifically, the President on August 15 decreed an immediate 10% across-the-board surcharge on most imported goods and services. This, of course, was a unilateral abrogation of commitments incurred by the U.S. in accord with the General Agreement on Tariffs and Trade. Far more basic was Washington's decision to scuttle the Breton Woods Agreement, under which the International Monetary System, for more than a generation, had functioned. That pact required this country, in all circumstances, to exchange one ounce of gold for thirty-five American dollars. With a stroke of the pen, the President violated these solemn obligations, thereby welching on our creditors and setting the International Monetary System adrift on a sea of floating exchange rates.

While future historians may disagree, it strikes me as likely that the White House, by including a wage-price freeze as part of the package deal, was seeking to distract public attention from the fact that it was doing the unthinkable, i.e., reneging on solemn obligations. The ploy (if ploy it was) worked like a charm. To this day, few observers realize what a heavy setback, economic and political, this country suffered when it slammed the gold windows shut.

As to the question of who wanted controls, the answer is simple: with the honorable exceptions of the AFL–CIO, Professor Milton Friedman of the University of Chicago, the First National City Bank, *The Wall Street Journal* and *Barron's*—virtually everybody. Let me quote the reactions of some who were incautious enough to record these for posterity: "A very good and forceful move at a critical time," said the chairman and president of Reynolds Metals Company. "Excellent," said the president of Dow Chemical U.S.A. "Bold, aggressive, decisive," said the chairman of Firestone Tire and Rubber Co.

In the quest for laudatory adjectives, Dr. Pierre A. Rinfret, head of Rinfret Boston Associates, Inc., international financial and consulting firm, and (at the time) chairman of the Rinfret Fund, Inc., virtually cornered the market. "On August 15, 1971, Richard Nixon introduced a daring, dynamic and delightful economic program. With one broadside blast, he attacked the international problem of the dollar, the domestic problem of inadequate capital investment, the problem of jobs in the industrial cities, the inflation, the technological problem, the problem of lagging consumer demand, and last but not least, the confidence problem. No one could ask for more. I praise the program. I support the program. I applaud the program. I have a sense of joy and elation. I am proud of a President who had the

courage, stamina and strength to move forward vigorously."

Wall Street shared the exuberance. Indeed, the President's sweeping decrees unleashed a volume of stock buying that broke all records for size and scope. In the Monday session following the Sunday television broadcast, the Dow Jones Industrial Average shot up 32.93 points, a gain that exceeded the previous record set on May 27, 1970. Total volume of 31,730,000 topped the previous peak by almost 3.5 million. The DJI closed that week at 880.91, a figure which, interestingly, is higher than last month's closing price. [March, 1974, ed.]

How were controls administered? In fits and starts, phases and freezes and with an unswerving bias against large corporations. The first freeze lasted ninety days, from mid-August to mid-November, 1971, and was relatively easy to enforce. At the time, one bureaucrat said enthusiastically: "This is an exhilarating experience." The nation was still recovering from the recession of 1969–1970, industry was operating at a relatively low percentage of capacity and prices in many lines were soft. Hence the freeze was more psychological than real.

Phase Two, however, was something else. In the guise of wage and price controls, it really constituted a deliberate, overt restraint on corporate profits. According to the Price Commission's official statement issued on November 12, 1971, "The policies announced herein are designed to achieve a goal of holding average price increases across the economy to a rate of no more than 2½% per year."

Specifically, Phase Two required companies with sales of $100 million or more to pre-notify the Price Commission on proposed price hikes. Unless the Commission advised otherwise within thirty days after notification, the price changes could take effect. Firms with sales of between $50 million and $100 million had to make quarterly reports to the Price Commission on changes in prices, costs and profits. All others, while not required either to pre-notify or report on a regular basis, were subject to the same standards as the rest of industry. More specifically, manufacturers were allowed to increase prices to reflect allowable cost hikes, less gains in productivity. In any case, no company could increase prices if such a move served to raise profit margins above those of a selected base period. For the latter, companies could choose the average of any two of the three fiscal years ending prior to August 15, 1971. Those fiscal years, of course, were years in which the U.S. was plunging into recession; production, trade (and, of course, profits) were relatively depressed. Price controls hitched to such a standard had to work hardship.

So they did, notably after mid-March of 1971, when John B. Connally, then Secretary of the Treasury, had to fork over $5 for eggs Benedict at New York's Hotel Pierre and the White House hit the ceiling. As corporate reports for the March quarter of 1972, which generally showed the first vigorous gain in earnings in five years, began to pour out, the Price Commission launched a crackdown. Applications for higher prices, once approved almost routinely, got much harder to get—contrariwise, the number of rejections surged. In an arbitrary move, American and Continental Can were told to rescind price hikes previously approved and in effect. A score of other companies—Armco Steel, Champion Spark Plug, Simpson Timber, Textron, Woolworth—were ordered to roll back quotations and/or make refunds to overcharged customers. Several food wholesalers were told to refund three times the alleged overcharges, thus, in effect, being hit with triple damages. In other abrupt policy shifts, the Price Commission clamped a freeze on the prices of all companies delinquent in filing reports. Finally, the Internal Revenue Service announced that it would disallow as business expenses prices and wages which exceeded official lids.

Phase Two was followed by Phase Three, which was designed to be less onerous. The Price Commission and Pay Board were replaced by the Cost-of-Living Council. The base period was changed from two out of the three years ending prior to August 15, 1971, to include any fiscal year thereafter. And the reporting regulations were eased. Henceforth, fewer than 1,000 companies, with annual sales exceeding $250 million, had to file quarterly reports on profits and price changes with the Cost-of-Living Council. Another 3,500, with annual sales of $50–250 million, had to keep such records. However, in contrast to Phase Two, no company needed to notify the government in advance of price changes.

Phase Three lasted barely six months. Shortly after it was unveiled a number of untoward events occurred. In early February, the U.S. devalued the dollar for the second time by nearly 10%, a move which unleashed the pent-up mistrust of this country's European creditors, who promptly began to dump their huge dollar holdings—well over $50 billion—in what has come to be known as the third, if unofficial, devaluation. By the end of June, the dollar had depreciated by 20–25% against the strong European currencies and the Japanese yen. As a result, American commodities and finished products, now suddenly cheap, began to look exceedingly attractive. Prices of food and fiber, none of which had been controlled from the outset of the New Economic Program, began to soar. So did the wholesale and retail price indexes.

In sheer desperation, the White House last June unveiled Freeze Two, a sixty-day affair, which, unlike its predecessor, swiftly came to grief. In contrast to mid-1971, inflation was in full swing. Official efforts to clamp a freeze on processed goods and end products, while leaving raw material prices free to rise, yielded what sensible economists had consistently predicted that they would yield: instant shortages. Shortly after the emergence of Freeze Two, its chilling effects had begun to spread far and wide across the economic landscape, up and down the distribution pipeline. Owing to the runaway in feed grains, poultry growers began to slaughter baby chicks, while flour mills, ground between the surging cost of wheat and their own low ceilings, started shutting down. Price controls, as their advocates have claimed all along, do work like magic. They can make things disappear in the twinkling of an eye.

Fortunately, Phase Two, late last summer, was succeeded by Phase Four, which, in turn, now is fast phasing out. While theoretically a return to tighter controls, Phase Four really has been nothing more than a holding action. Since summer, it has been clear to virtually everyone, including the U.S. Chamber of Commerce and the National Association of Manufacturers (both of which organizations, incidentally, enthusiastically applauded the New Economic Program on August 15, 1971) that controls have been a dismal failure. Hence since fall, the Cost-of-Living Council has quietly beaten a retreat, first decontrolling one industry and then another.

What did wage and price controls achieve? Well, let's look at the record. In early May of 1972, Don Conlan, chief economist of the Wall Street brokerage firm of Dean Witter & Co., estimated that wholesale prices at the time were roughly where they would have been without controls. Projecting trends evident prior to August 15, 1971, he reckoned that the Wholesale Price Index in March of 1972 would have stood at 117.5% of the 1967 average. The actual figure was 117.4%. Observed Mr. Conlan: "All that grief and confusion for one tenth of a percentage point improvement over free markets."

For the full thirty-two months of Freezes One and Two, Phases Two, Three and Four, the figures are appalling. In August of 1971, the Consumer Price Index was rising at a rate of roughly 3% per year. In 1973, the cost-of-living officially increased by 8% (and, ask any housewife, in fact perhaps half again as much). In the early months of 1974, the rate of inflation as measured by this index has nearly doubled to an unbelievable so-called double-digit 15%, a figure which seems more appropriate to a banana republic than to our own. As to wholesale prices, the record is even worse. From the end of 1970 to the end of 1971, the U.S. Wholesale Price Index rose from 110.4 (1967=100) to 113.9, or by less than 3%. Twelve months later, the Index stood at 119.1, and twenty-four months later, on January 1, 1974, at 125.5, a rise of over 20% in two years. In January and February of 1974, wholesale prices were advancing at an even more shocking rate.

If the benefits of price and wage controls have been largely illusory, the costs have been very real. There are, of course, many ways to measure cost. In dollars and cents, the direct cost of regulation looks fairly modest. On this score, according to John T. Dunlop, head of the Cost-of-Living Council, five freezes and phases, stretching over more than two and a half years, cost the taxpayer nearly $200 million and U.S. industry an estimated $721 million to $2 billion. The latter estimates look too low—other sources have put the cost to industry at $2 billion per year, or perhaps $5 billion for the whole stretch.

What might be termed the indirect, unexpected costs have been heavier. From the outset, even in a relatively slack economy, controls had begun to create economic distortion. As business activity began to boom throughout the world, prices of commodities bought and sold on a global basis, like the nonferrous metals, began to rise above domestic ceilings, thereby impelling producers to channel their output where it fetched the most and creating artificial shortages at home. Ironically, one of the first moves made by the Cost-of-Living Council under Phase Four last summer was to roll back prices of heating oil and gasoline, steps which, once the Arab oil boycott began to bite, made a bad situation worse.

Apart from aggravating and creating shortages, with all the inconvenience and cost that entailed, controls did perhaps their worst damage on the financial scene, domestic and foreign alike. As to the domestic scene, the harm was inflicted not by the Price Commission, Pay Board or Cost-of-Living Council, but by a little-known, if highly strategic, part of the controls structure known as the Committee on Interest and Dividends. Headed by Arthur Burns, Chairman of the Federal Reserve Board, and comprising such other top officials as the Secretaries of the Treasury and Commerce, CID, as it's called, early on decreed that corporate dividends could increase by no more than 4% per year. In contrast, wages and salaries were allowed to rise by 5½% per year, while consumer prices, in fact, have gone up far more.

This was unfair on the face of it. To make matters worse, it aggravated a distortion of several years' standing. From mid-1967 to mid-1972, the Consumer Price Index advanced by 25.4%, wages of production workers, 35%. In dismal contrast, dividends on the Standard & Poor's five hundred stocks inched ahead by only 5.1%, while payments on the Dow Jones Industrials actually declined 4.5%. Dividends, of course, reflect corporate profits, which until business activity began to pick up in 1972, had been depressed. What the CID decreed, in effect, was that for the first time in history, stockholders should no longer have the privilege of sharing in the fruits of business recovery. Not surprisingly, investors reacted adversely.

In short, by placing a lid for more than two years on what investors could hope to receive in the way of returns, the Committee on Interest and Dividends must shoulder

much of the blame for the sorry showing staged by the stock market since late 1972, the slow disintegration of Wall Street, and, perhaps most significant, the clogging of the customary channels by which corporate enterprise taps the nation's savings.

There is a second count to the indictment. Owing largely to the Committee on Interest and Dividends—more specifically, to Arthur F. Burns—the dollar suffered its second and third devaluations. The sequence of events began unfolding in the fall of 1972, when Western Europe, beset by mounting inflationary pressures, moved to tighten credit. By the end of that year, the floating rate of the Bank of England, which stood at 6% in June, had gone to 8%. The Bank of France had increased its discount rate twice, from 5¾% to 7½%. Despite the sharp upward trend of interest rates abroad—one which accelerated in the early months of 1973—the Federal Reserve persistently kept a lid on interest rates at home. Hence the gap between U.S. and foreign interest rates gradually widened to an alarming three hundred basis points, or three full percentage points.

In February of 1973, a great confrontation occurred between Dr. Burns and the commercial banking system. Four banks sought to raise the prime rate from 6% to 6¼%. The Committee on Interest and Dividends reacted angrily. In a not-so-veiled threat of retaliation, it demanded cost and profit data to "justify" the move. Three of the four banks promptly yielded to government pressure and rescinded the boost—shades of what happened under the Johnson Administration—while the fourth held out a few days longer before surrendering.

In a bitter statement on the controversy, First National City Bank of New York charged that CID highhandedness had aggravated the latest sinking spell in the dollar. "Such action is interpreted by foreign holders of dollars as being unresponsive to the needs of controlling inflation. Consequently, artificially holding down interest rates is contributing to the weakness of the dollar overseas . . ." Just a few days later, the dollar was devalued for the second time officially, and continued to sink in the world's foreign exchange markets for several more months.

There is a final point to be made about wage and price controls, one which Dr. von Mises, in *Planning for Freedom*, makes very well, "The superstition that it is possible for the government to eschew the inexorable consequences of inflation by price control is the main peril. For this doctrine diverts the public's attention from the core of the problem. While the authorities are engaged in a useless fight against the attendant phenomena, only few people are attacking the source of the evil, the Treasury's methods of providing for enormous expenditures. While the bureaus make headlines with their activities, the statistical figures concerning the increase in the nation's currency are relegated to an inconspicuous place in the newspapers' financial pages."

Those figures are staggering. From the twelve months ended June 30, 1971, barely six weeks before the New Economic Program was unveiled, to the current fiscal year, the federal budget rose from $211.4 billion to an estimated $274.7 billion. The money stock (currency in circulation and demand deposits), from roughly $228 billion to $269 billion. Time and savings deposits rose from $290 billion to $369 billion. Total bank loans and investments rose from $450 billion to $633 billion.

In short, while pretending to control inflation, the Nixon Administration, aided and abetted by the allegedly independent Federal Reserve Board, has turned the inflationary spigots wide open. Small wonder that despite wage and price controls—or, more accurately, in some measure because of them—the U.S. currency has suffered its worst loss of value in over a century.

THE 184TH ANNIVERSARY OF WEST SIDE SCHOOL

HON. ANGELO D. RONCALLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. RONCALLO of New York. Mr. Speaker, I call your attention today to the 184th anniversary of the West Side School of Cold Spring Harbor, N.Y. This fine home of learning was erected under the watchful eye of George Washington in 1790, near the present town of Cold Spring Harbor.

Since that day it has been the home of many generations of school children, bent on a good education and on making good friends. It has always been well known for its fine teachers and dedicated staff.

I salute them today and I know you join me in wishing them a continued successful endeavor.

The students of West Side School have themselves I think provided the best tribute possible to the excellence of the school. Let me share with you what they have written of their alma mater:

Times have changed and our schools with them. From days of George Washington to now, we have always been fortunate enough to have forward looking citizens who have felt it their duty to see that our children receive the best possible education.

HAWAII AND U.S. PACIFIC SURFACE COMMERCE ACT OF 1973

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. WON PAT. Mr. Speaker, shipping is the lifeline for millions of Americans living in Guam, Hawaii, American Samoa, and the U.S. trust territory. Because these areas import the overwhelming majority of their supplies from the United States, we depend almost entirely on shipping from this country to supply our needs. For this reason, my colleagues in Congress from Hawaii and I are extremely concerned about the constant threat of shipping strikes which can break our fragile lifeline at any time. To insure continuity of service, we have cosponsored legislation to authorize the continuation of service to our respective areas for 180 days even in the event of a west coast dock strike.

On June 5, 1973, the House Subcommittee on Transportation and Aeronautics heard testimony on such legislation (H.R. 7189) and more recently the Senate passed a similar bill which is now being considered by the House Education and Labor Committee. So that my fellow colleagues in the House can understand our views on this critical issue, I hereby include in the RECORD at this time the text of my testimony in support of H.R. 7189.

Thank you.

The testimony follows:

TESTIMONY OF ANTONIO B. WON PAT, IN SUPPORT OF H.R. 7189

Mr. Chairman, I am pleased to have this opportunity today to present my views on H.R. 7189, the Hawaii and U.S. Pacific Surface Commerce Act of 1973, which I cosponsored with my two distinguished colleagues in the House from Hawaii, Mrs. Patsy Mink and Mr. Spark Matsunaga. Senators Daniel Inouye and Hiram Fong have introduced similar legislation in the Senate.

As you know, the purpose of our measure is to end the unfair and unnecessary stoppage of cargo to and from off-shore American areas during lengthy shipping strikes. The repeated strikes and the constant threat of continued strikes in the West Coast ports hangs like a Damocles sword over the economies of our fellow Americans in the Pacific. Shipping is a life-line for millions of Americans living in Hawaii, Guam, American Samoa and the U.S. Trust Terrtory. To permit the continual and haphazard interference with shipping of even the most basic commodities from the U.S. mainland to these areas is not only unjust and demeaning to the principles of lawful commerce, but it imposes undue hardship on the residents of these areas. These innocent people are exposed to such harsh treatment, despite the fact that they have absolutely nothing whatsoever to do with the cause of the strikes, nor do they have any role in ending these labor disruptions.

Before I proceed further, however, let me state quite clearly that it is not the intent of this legislation to interfere with a duly authorized labor strike, nor do we wish to appear hostile to the vast numbers of honest, hard-working maritime workers who serve this country so well.

However, before another dock strike like the one in 1971, which lasted over four months, is thrust upon us without warning, Congress must act to safeguard off-shore Americans in the Pacific from further needless economic battering. We believe that this action may best be achieved by the legislation now before this Committee, which provides that all cargo from the West Coast ports destined for U.S. ports in the Pacific, as well as all cargo emanating from these same ports and bound for the U.S. West Coast ports, must be processed regardless of a labor disruption which may be in progress.

The need for such legislation is clear: since World War II more than four (4) years of working time have been lost through transportation strikes affecting Guam, Hawaii, American Samoa, and the U.S. Trust Territory, in addition to the economic difficulty caused by these disruptions.

During the 1971–2 strike, for example, Guam was forced to purchase large amounts of food from foreign markets. Additionally, some supplies, such as chlorine gas (for purifying water), had to be shipped in on an emergency basis by U.S. Naval vessels. Moreover, many local residents were unemployed for varying periods of time when local business firms cut back on costs to avoid bankruptcy. Construction companies were hard hit by the lack of building supplies.

As Americans, we on Guam rely heavily on U.S. supplies to maintain our standard of living. So do the over 20,000 military personnel who are stationed on Guam. They and the local population are not satisfied with less than the best—and that means food and other items made only in the U.S.

In order to assure that the consumer on Guam can obtain the American-made goods he wants, regardless of a strike, our merchants are forced to stockpile large amounts of their merchandise as a hedge against a possible strike. Such action, I am certain you understand, is extremely expensive. And the one who must eventually pay the bill for the luxury of stockpiling is, naturally, the consumer. But stockpiling is only a partial solution. Some items, such as perishables,

cannot be purchased and stored well in advance. There is only one way in the final analysis to assure our consumers of uninterrupted service—to keep our shipping lines open.

Guam is over 6,500 miles from California. As an island with little locally-grown foodstuffs, or adequate sources of other material we need, a heavy volume of importation from the U.S. is the only way in which we can meet our needs. In 1972, for example, Guam's imports had a total of $156.6 million. Of this total, $63.9 million, or 47%, came from the mainland United States.

As you can see from these statistics, any long-term strike which cuts Guam and other American areas in the Pacific from our U.S. supply sources can only have serious consequences.

When a strike is in progress, what alternatives do we in the Pacific have? We can resort to air-freighting in our supplies from the mainland. This method, which we did use to some extent previously is extremely expensive and slow, as planes simply do not carry large amounts of cargo. Some critical items can perhaps be sent to us on military vessels on a "space available" basis, but the amounts would be minimal. Or, we can turn to foreign countries for our needs during the crisis.

Needless to say, Guam chose the latter alternative and drew heavily on food purchases from other Pacific areas for survival. With the recent devaluation of the dollar, foreign food sources are often no longer competitive, though, with those from the mainland. Thus, the strike-bound consumer may well find himself during the next major shipping strike with not only a limited food supply, but a budget-shattering one as well.

The problems I have just outlined are not inflated for rhetoric's sake. Guam is striving to the utmost to maintain a developing economy. We on Guam want to have the same standard of living enjoyed here on the mainland. To date, we have been successful. But the threat of continued maritime strikes is not conducive to stable living conditions.

Nor does the ever-present threat of lengthy strikes serve to enhance Guam's attractiveness to mainland firms who must rely on ocean commerce to transport their goods to outlying areas. Guam is American, and we want to keep commerce with the U.S. mainland as our major economic goal. Shipping strikes, however, force us to turn elsewhere for our goods, and serve to enrich the pockets of our foreign competitors, instead of our fellow Americans.

Accordingly, Mr. Chairman, I ask that this measure be given favorable consideration by the members of the Committee before Americans who have done no wrong except to rely on U.S. shipping for their supplies suffer yet another needless financial loss.

Thank you.

REMARKS ON THE DEATH OF THEODORE ROOSEVELT McKELDIN

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. GUDE. Mr. Speaker, Theodore Roosevelt McKeldin, who died Saturday in Baltimore at the age of 73, was Maryland's "Mr. Republican."

As mayor of Baltimore and Governor of the State, he was a pioneer in equal rights, appointing the first woman to the State judiciary, and in civil rights. His prointegration policies in 1964 resulted in threats against his life.

His accomplishments include the setting up of Maryland's most ambitious roads program, the establishment of Patuxent Institution, the construction of Baltimore Harbor Tunnel, and the improvements in the State training schools, as well as the repeal of Maryland's "Jim Crow" law, which segregated blacks from whites on ferries and other intrastate carriers.

An affable and popular man, he was also an energetic man. His workdays as Governor averaged 15 hours and he reformed Maryland's budget, overhauled the State's unemployment and workmen's compensation laws, and acquired new lands for park and recreation.

After losing an attempt at the mayoralty of Baltimore in 1939, he tried again in 1943 and won by 20,000 votes. He was inaugurated Governor in 1951 with a margin of 94,000 votes—the biggest victory in a Governor's race up to that time.

He was an early backer of Dwight D. Eisenhower for President and placed his name in nomination at the 1952 Republican National Convention.

Mrs. Gude and I would like to extend our deepest sympathy to his wife, the former Honolulu Claire Manzer, their son, Theodore, Jr., and their daughter, Mrs. Claire Whitney Siegler.

AMENDMENT TO H.R. 12859, AS REPORTED—OFFERED BY BILL FRENZEL

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. FRENZEL. Mr. Speaker, when H.R. 12859 is before the House, I intend to offer the following amendment:

Page 62, strike out line 2 and all that follows down through and including line 2 on page 63 and insert in lieu thereof the following:

"(a) Within one year of the date of enactment of this section, the Secretary shall, within the Office of the Secretary, develop, test, and prescribe a system for reporting urban mass transportation financial and operating data and information by uniform categories and a uniform system of accounts records, and to insure factual accuracy, timeliness, and objectivity in identifying, collecting, and reporting such data and information. Such data and reporting system shall be in full operation within two years of the date of enactment of this section.

"(b) The Secretary is authorized to require annual, periodic, or special reports (1) from public or private properties which are engaged in the provision of intraurban area transport services, and (2) from local public bodies which are responsible for regulating otherwise superivsing such properties.

"(c) Periodic or special reports or information duly required by the Secretary under the provisions of this section shall be submitted under oath. In case of failure or refusal on the part of any property or local public body to keep accounts and records in the form and manner prescribed and to provide accurate and timely reports or information duly required by the Secretary, such property or public body shall be declared by the Secretary ineligible for any Federal financial assistance as provided under this Act. Such properties of local public bodies shall remain ineligible for such assistance until found to be in compliance with all requirements by the Secretary.

"(d)(1) The Secretary shall report to the Congress annually on the conduct of the functions under this section and the effectiveness of its data identification, collection, analysis, and reporting procedures, together with such recommendations for legislation as he may deem appropriate.

"(2) Except as otherwise provided by law, the Secretary shall make public all reports, orders, decisions, rules, and regulations issued by him on the status and performance of urban transport systems and services.

"(e) None of the provisions in this section shall be construed to authorize the Secretary to regulate in any manner the operation of any public mass transportation service or system, but nothing in this subsection shall be construed to negate the obligation of the Secretary to take such actions as may be necessary to require compliance by the properties or local public bodies involved with duly authorized undertakings by the Secretary.

"(f) The Secretary is authorized to appoint, without regard to the civil service provisions of title 5, United States Code, such advisory committees as shall be appropriate for the purpose of consultation with and advice to the Secretary in performance of his functions. Members of such committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Secretary, may be paid compensation at rates not exceeding those authorized for individuals under section 9 of the Department of Transportation Act, and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(g) The activities of the Secretary under this section shall not be subject to the provisions of chapter 35 of title 44, United States Code."

Page 73, after line 24, insert the following new paragraph:

"(g) There is authorized to be appropriated to carry out section 515 of title 23 of the United States Code not to exceed $8,000,000 for fiscal year 1975, $9,000,000 for fiscal year 1976, $10,000,000 for fiscal year 1977, $11,000,000 for fiscal year 1978, $12,000,000 for fiscal year 1979, and $13,000,000 for fiscal year 1980."

The following letter explains my amendment:

WASHINGTON, D.C., *August 14, 1974.*

DEAR COLLEAGUE: I would like your support for an amendment I intend to offer to improve the data reporting section of H.R. 12859, the Federal Mass Transportation Act.

I am extremely pleased that the Committee agreed to include a data and financial reporting section in this bill. The Committee discovered through its field hearings that we simply lack the uniform, consistent, and comprehensive transit statistics with which to set rational transit policies and programs. As one member of the Committee put it, *without this information we are simply legislating in the dark.*

Unfortunately the data section in H.R. 12859 would operate too slowly. My amendment would simply expedite the collection of this essential data. The Committee Report says of its proposed data reporting system;

"Only if this is accomplished can there be reasonable possibility that mass transportation systems will be adequately conceived and designed, priorities properly recognized, and public funds effectively used."

Yet the language in the current bill does not require that this essential information

be made available to the Secretary of Transportation until nearly four years from now. *My amendment would cut this lead time in half.* If we hold to the timetable in the bill over 60% of the funds in this bill will have been expended without the benefit of information which the Committee feels is essential for a well run transit program.

I ask your support for this amendment.

Best regards,

BILL FRENZEL,
Member of Congress.

PRISON—FOR PEACE

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Ms. ABZUG. Mr. Speaker, I was deeply distressed to read some time ago, about a very courageous woman who is in prison as a result of her conscience.

Martha Tranquilli is a quiet, soft spoken, 63-year-old nurse who refused to pay part of her 1971–72 income tax, because she knew the money would go to support the cruel and inhumane war in Indochina. Tragically, Ms. Tranquilli has had to pay dearly for her convictions. On July 19, with all appeals exhausted, she began serving a 9-month prison term for tax fraud. The article below from the Sacramento Bee provides a very indepth and very moving look at Martha Tranquilli and I would like to share it with you:

PRISON—FOR PEACE: WOMAN AWAITS TERM FOR "WAR TAX" REFUSAL

(By Dean Huber)

Prison is the price Martha Tranquilli must pay for her convictions.

A self-styled "peace activist," mild-mannered and soft-spoken Mrs. Tranquilli has been sentenced to nine months in federal prison for "tax fraud" because she refused to pay that portion of her 1971 and 1972 federal income taxes which went to support the war in Southeast Asia.

All appeals exhausted—the Supreme Court refused to hear the case June 17—Mrs. Tranquilli, a nurse by profession, "waits daily" for word that she must start serving her sentence either at Terminal Island or in West Virginia.

Sitting cross-legged on a pillow in the living room of her north area home, Mrs. Tranquilli explained her feelings now.

"I don't want to go to jail—but remembering the reasons why I did it—because I could no longer tolerate giving money for the purposes the government is using it, I would still withhold any portion of my tax money I felt was going for illegal use. So I'm not sorry I did it."

Mrs. Tranquilli has been protesting the war since the late 50s and became a peace activist when the United States dropped the atom bomb during World War II.

"I've never forgiven the country for that," she declared.

Her income tax trial took place in Mississippi where she lived and worked as a nursing supervisor until she moved here last April with one of her sons, Vincent.

"In 1969," she said, "I just felt that I wasn't being heard, that none of us were being heard, and if we were, we were being ignored. So I wrote to Nixon and hold him if the war didn't end by December, I would be forced to withhold the monies that went to the Pentagon to support the war.

"But it took me a year to really get around to doing it. And very frankly, the thought of winding up in prison was the deterrent factor."

When Mrs. Tranquilli filed her returns in 1971, she claimed six peace and freedom organizations and a young black woman she put through college as "dependents."

It was two years before anything happened. Then two Internal Revenue Service men called upon her.

"They were solicitous about my health," she recalled, "and I assured them I would survive in jail. They asked me a lot of questions about why I did it."

The next step was notice that she had been indicted for tax fraud and an order to appear before a federal judge in Greenville, Miss., on April 30, 1973.

A trial was set for May 3 and on May 29 Mrs. Tranquilli was sentenced to nine months in federal prison on the first count and given two years probation on the second count.

There followed the long series of legal maneuvers and appeals which ended this month with the Supreme Court's denial of a hearing.

In spite of the outcome, Mrs. Tranquilli said her "feeling" is that she has accomplished by her act.

The incident has been widely publicized and she has received 400 letters from all over the world, all but two of them in support.

"I don't know how you can explain the feeling you get from the support I've gotten all through this thing," she said.

"It make you feel humble. But I tell myself they're commending the act and not the person."

THE PLIGHT OF SOVIET JEWS

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BELL. Mr. Speaker, Temple Isaiah of West Los Angeles is a congregation of approximately 1,000 families within my constituency. I have learned from my good friend, Rabbi Albert M. Lewis, spiritual leader of Temple Isaiah, and superintendent of its religious schools, that the children and parents of Temple Isaiah have adopted a Jewish family in the city of Leningrad in the Soviet Union.

This adoption project is designed to strengthen the ties between Americans of the Jewish faith with their coreligionists in the Soviet Union. Now that the Soviet Union is interested in a détente with the United States, it is the firm conviction of Rabbi Lewis and his congregation that this adoption project will help open new avenues of communication and understanding between America and the Soviet Union.

I would like to call to the attention of my colleagues the severe problems being faced by this adopted family, Mr. and Mrs. Veniamin Khaikin, and their three children, who applied for exit visas in April 1971:

August 1974: A report on the plight of Mr. and Mrs. Veniamin Khaikin and their three children who are the adopted family of Temple Isaiah.

In April 1974, Temple Isaiah of West Los Angeles, a congregation of close to 1,000 families of the Jewish faith, adopted a family of their coreligionists in Leningrad in the Soviet Union. This family consists of Mr. and Mrs. Veniamin Khaikin and their children, Aya Khaikin, age 10, Danya Khaikin, age 15, and Fira Khaikin, age 20.

In 1968, Mr. Khaikin, who was then employed as a shipbuilding engineer in Leningrad, was notified that his knowledge of the industry would no longer be operational after a 5-year period. He, therefore, waited until April 1971, before he and his family applied for exit visas to Israel. Mr. Khaikin was then discharged from his employment, and Mrs. Khaikin, a registered nurse, was also fired from her work. No visas were forthcoming to the Khaikins, and they were left unemployed since 1971.

In 1973, after a full 5 years had elapsed from Mr. Khaikin's original inquiry in 1968, and 2 years following his first application for the exit visas to Israel, Mr. Khaikan again applied for exit visas for the family and again these were refused.

In March 1974, Mr. Khaikin again applied for these visas, and again was refused. In May 1974, the oldest Khaikin child, Fira, was finally issued an exit visa for herself only and was instructed to leave the Soviet Union.

There is no legitimate reason why Mr. and Mrs. Khaikin and their other two children are being refused exit visas to leave for Israel. They are most anxious to keep their family intact, and should be allowed to leave together for Israel without any further delay.

Even by the most stringent standards, this family is fully eligible for emigration. Mr. Khaikin has recently applied a final time for the exit visas, and was notified that he would have an answer in July of this year. To this day, he has not received this answer.

The families and children of Temple Isaiah have taken their adopted family to their hearts, and have done everything in their power to help this family and to encourage them in their efforts. Children of Temple Isaiah of the same ages as Danya and Aya have sent them many letters. Many photographs of the children in the temple, along with the copies of the children's art work, were sent to the Khaikin family, but to their great sorrow, none of these letters were delivered. The children of Temple Isaiah have also sent gifts totalling $200 to help the Khaikin family in their desperate plight. Hundreds of letters have been sent by parents and children of Temple Isaiah to officials of the Soviet Union, and to representatives of the U.S. Government.

Rabbi Lewis and Temple Isaiah have urged me to express as widely as possible the deep-felt concern of the congregation, parents and children alike, and the many people associated with Temple Isaiah in Los Angeles, regarding the senseless refusal of the Soviet Government to permit the remainder of the Khaikin family to emigrate to Israel, and to be rejoined with their daughter, Fira.

The Universal Declaration of Human Rights, article 13, No. 2, signed and adopted in 1948 by the U.S.S.R. as well as the United States, reads as follows:

I believe that improved relations between the Soviet Union and the United States of America will be better served by allowing this family to emigrate to Israel according to the Declaration of Human Rights.

INFLATION: NO. 1 PRIORITY

HON. JOHN M. ZWACH

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. ZWACH. Mr. Speaker, it was no surprise to anyone when President Ford revealed that inflation was our "domestic public enemy No. 1" and that his first priority would be to bring inflation under control. For the past year and a half, American inflation problems have been overplayed by American Watergate problems. It is high time that strong, new ideas are tried to combat our ever increasing cost of living.

As President Ford pointed out the place to begin is with excess Government spending. I applaud his intentions for a balanced budget in 1976. This is a necessary first step to wise, efficient, controlled Government spending.

Mr. Speaker, Mr. Gordon Duenow, editor of the St. Cloud Times, a daily in my district, wrote an editorial on July 31 on our alarming inflation problems. With your permission I would like to submit it for the RECORD and encourage all the Members to read it. The editorial follows:

INFLATION ALARMING PROBLEM

While impeachment is making big headlines these days, many others are more concerned about inflation. According to a survey by the National Federation of Independent Business, this is the prime concern today of the independent business operator—and by a wide margin. So those trying to make a living on salaries and wages they earn can move over and make more room.

Data from a field survey of 12,000 members for May showed that only 5.3 per cent thought the government was doing an effective job of combating inflation, with 77.1 per cent reporting it was doing a bad job, and the balance undecided.

Among those presumed to know money matters best, the people who run the independent finance firms, 84 per cent felt government efforts in this area quite lacking.

The same thing has been happening to millions of American workers. According to a news release from Northwestern National Life Insurance Company, from May 1973, to May 1974, "real spendable earnings" of a married worker with three dependents dropped 5.6 per cent. In other words, prices are rising faster than wages and salaries and have been for some time.

"What are the people doing about it?" the news release asked. It was reported that "some are worrying a lot, some are arguing with their spouses more often over money problems. And some, probably, are borrowing money to meet expenses."

It appears that others are moonlighting as the most recent figures from the U.S. Bureau of Labor Statistics reveal that seven per cent of all employed men in America hold two or more jobs. Others are self-employed in second jobs.

In fact, more than half a million people were self-employed in non-agricultural secondary jobs during 1970 and 600,000 people, who worked full time, were self-employed in agriculture. Farmers have the highest multiple job-holding rate. But policemen, firemen and security guards are a close second as multiple job holders.

Although inflation's appetite for purchasing-power dollars has increased greatly since then, a study published in 1969 by the Bureau of Labor Statistics reported that four of 10 worked to meet regular household expenses and one in 10 worked to pay off debts.

So while politicians make headlines during impeachment hearings, many of us are much more concerned about the inroads of inflation—and it appears that nothing is being done about that. G.E.D.

WILLIAM P. TSAFFARAS HONORED BY AHEPA

HON. PAUL W. CRONIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CRONIN. Mr. Speaker, it gives me great pleasure to speak to my colleagues today about Mr. William P. Tsaffaras, the supreme president of the Order of AHEPA. Mr. Tsaffaras is a native of the Fifth District of Massachusetts. He was educated in Lowell public schools and in the Holy Trinity Hellenic Parochial School. In addition, he attended Lowell Technological Institute and graduated from Northeastern University and Boston College Law School. Today he is associated with the law firm of Tsaffaras, Tsaffaras and Jeffreys in Lowell as well as being a member of the Massachusetts Bar. In addition, he is a director of the Massachusetts Department of Commerce and Development and is head of the bureau of research and statistics.

Bill Tsaffaras worked his way up through the Order of AHEPA from the Sons of Pericles. Since 1937 he has served his chapter in various offices, including the office of president for three consecutive years. He then became district governor of Bay State District No. 8, and in 1959 and 1960 he served as supreme governor. On the national level he has served as chairman of the convention, supreme counsellor, a member of the supreme board of trustees, supreme treasurer, supreme secretary, supreme vice president, and finally the highest office, supreme president.

However, Bill Tsaffaras has not limited his service to AHEPA. He has been active in the Holy Trinity Church of Lowell and he received the title of Archon Depoutatos from His Holiness, the late Patriarch Athenagoras I.

His whole life has been devoted to others, his community, his State, his church, his country and in each of these commitments he has been a leader, a man who excelled. His election to the supreme presidency of the Order of AHEPA was no surprise to those who have had the privilege of knowing him over the years. His term of office has been one of achievement. I am sure it has been a source of pride to his wife and daughter Gail. It was my honor to join with his family at their table when AHEPA had their congressional dinner here in Washington. Mr. Speaker, this weekend AHEPA will hold its national convention in Boston, Mass., where Bill Tsaffaras will preside. I thank you for allowing me to make the entire membership of the U.S. Congress aware of this good man's contributions to his fellow man.

LT. GEN. A. G. PAXTON

HON. DAVID R. BOWEN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BOWEN. Mr. Speaker, this past weekend, one of Mississippi's most distinguished citizens passed away. He was Lt. Gen. A. G. Paxton, of Greenville, Miss., whom I had the distinct privilege to represent here in the House of Representatives.

A leader of the Mississippi Army National Guard and 31st Dixie Division, he was an inspiration to his Nation, his State, and his community. There was hardly a worthwhile enterprise to which Gen. A. G. Paxton was not willing to lend his guiding hand.

A man who knew him as well as anyone was our colleague, Congressman G. V. "SONNY" MONTGOMERY. I would like to share with the Members of the House, the very moving eulogy Representative MONTGOMERY made during the funeral services for General Paxton this past Sunday:

EULOGY TO LT. GEN. A. G. PAXTON BY CONGRESSMAN G. V. "SONNY" MONTGOMERY, AUGUST 11, 1974

General Paxton would appreciate his many friends being present today for this final tribute, but he would not want me or anyone else to engage in solemn or sad remarks. Galla Paxton would prefer that we simply pull the targets, mark and score and be ready to fire again. Furthermore, he would probably feel that our Nation has already suffered enough sadness this weekend.

I am grateful that the Paxton family has given me the opportunity to make these remarks on behalf of General Paxton's many friends, especially those of us who served under his command on active duty and in the National Guard.

They really don't make them like Galla Paxton anymore. I remember about ten years ago when the doctor told General Paxton that he had had a heart attack with which diagnosis Galla did not agree. I called the General to inquire about his health and asked him what he was going to do. His simple reply was "I'm going to change doctors."

Galla Paxton was a very successful businessman, but he always put his country first. When he was ordered to active duty in World War II with the 31st Dixie Division and again during the Korean Conflict when he took that Division on active duty as its commander, he suffered financial losses because he put all his energies into training young men in order that they would have a better chance to survive in combat. Because of this dedication to his nation, his brokerage firm did suffer.

In 1940, then Colonel Paxton was Commanding Officer of the 114th Field Artillery Regiment while the unit was training at Camp Blanding, Florida. I remember one weekend when the Division Commander allowed the troops a long weekend in order to go home to Mississippi to visit with their families. The pay then was around $21 a month and most didn't have enough money to go home. So Colonel Paxton dipped into his own pocket to lend the money to anybody in his regiment if they wanted to go home. He was an outstanding commander because he would do the extra.

General Paxton was a doer and he kept all of us busy in community affairs. He drafted more people to work as volunteers

in the Mississippi Heart Association than the Selective Service System in Mississippi was drafting for the military. Because of General Paxton, the Mississippi Heart Association is a growing and viable association that is doing good for the people of our state.

There are so many great things about this dear friend of ours that I hardly know where to start or stop. Of course, we could spend time talking about his dedication to Kappa Alpha Order, or his book "Three Wars and a Flood."

Next to his God and his family, the military was General Paxton's greatest love. His record speaks for itself. One of the most trying times, but yet one of the most rewarding, was when the 31st Dixie Division was ordered to active duty in 1951. The General ended up with the awesome responsibility of training and leading 18,000 young Mississippians and Alabamians for combat in Korea.

I knew the man well and I also know that this experience was probably one of the happiest times of his life. He had his young family with him—his wife Ruth, his daughter Mary Burton, and his son Galla. Galla Boy was a sergeant in the 31st at that time. When the troops would come marching by the General could always spot Galla Boy and he would say to me, "See if the Sarge is in step."

The Division needed a lift when we went on active duty and General Paxton felt that a large marching band would create pride in the Division as was the case. The Army sent in fillers to create a larger band. So we had Yankees wearing Confederate uniforms which, of course, pleased the General.

As I said, they just don't make them like Galla Paxton anymore. Part of the Old South was deeply rooted in him. Part of him was the love and warmth he had for his fellowman. Part of him was his family, especially Ruth who never let him down. Part of him was America, still the greatest nation in the world today. He was always correct when he told me time and again that government regulations were ruining the cotton business, but it was his government right or wrong.

We in this room are all much better persons ourselves for having known Galla Paxton. So we lower the flag, clear our weapons and thank God that a man like him passed our way.

MIKE CALLAS AND THE ASSOCIATED BUILDERS & CONTRACTORS

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BYRON. Mr. Speaker, the week of June 27, the Engineering News-Record, the McGraw-Hill's Construction Weekly, featured Mike Callas, of Hagerstown, Md., the president of the Associated Builders & Contractors. Mike has served as president of the ABC for the last 2 years and has supervised the rapid growth of the organization.

The Engineering News-Record states:

ABC's Growth is easier to measure and, to a large extent, reflects increasing open shop demand. In 1952, when the ABC national office was first staffed, the associated totalled fewer than 200 companies. That number rose to 1,000 by 1962. For the past several years its membership grew by about 25 percent annually to 5,000 in 1972. But the fastest growth occurred between 1972 and 1973 when ABC boosted its ranks by 40 percent.

Mike Callas, as national president of ABC, is credited with much of the responsibility for this rapid growth. He has also been instrumental in providing additional services to the ABC membership such as providing its contractors with programs for sharpening its business and construction skills and an available manpower pool.

I would like to join in commending Mike Callas for these achievements and his well deserved recognition by the Engineering News-Record.

SALUTE TO THE NEW PRESIDENT

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. WON PAT. Mr. Speaker, as the Delegate from Guam to this august body, I take great pride and pleasure at this time in requesting permission to insert in the RECORD the text of my letter congratulating President Gerald R. Ford for his elevation to the Nation's highest office.

Although the time I had the privilege to serve in the House with President Ford was all too short, I did have the pleasure of his friendship for a number of years. President Ford has always been generous of his time when it came to listening to the needs of his fellow Americans in the territories, a fact which we greatly appreciate.

I am confident that he will make an outstanding Chief Executive and I am proud to have served in the Congress with such a distinguished former Member of this body.

Thank you.

The letter follows:

AUGUST 12, 1974.

Hon. GERALD R. FORD,
President of the United States, The White House, Washington, D.C.

DEAR MR. PRESIDENT: On behalf of myself and the over 100,000 American citizens of the United States territory of Guam whom I proudly represent in the House of Representatives, I offer you the congratulations and support of your fellow Americans in Guam.

It is said that first impressions count a great deal in our relations with others. From the welcome tone of openness and friendship which you set in your initial statement to the people as President, I am confident that you have taken a major step forward towards healing the divisiveness caused by past problems and have convinced your fellow citizens that your Administration will set the tenor for a better future for America. In this goal, I and my fellow Guamanians stand behind you, ready to assist in any way possible to unite our country behind an effort to resolve the many problems facing us today.

Although the Americans of Guam are unable to express their confidence in you through the usual medium of participation in Presidential elections, except by their votes in Party conventions, I know that their prayers and best wishes for your every success will be with you continuously in the days to come.

May I also assure you, Mr. President, of my personal support for your efforts to bring prosperity and peace to all nations and people of good will.

With continued faith in your ability, I am,

Sincerely yours,

ANTONIO B. WON PAT,
Member of Congress.

SHALLOTTE INLET

HON. CHARLES ROSE III

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. ROSE. Mr. Speaker, the sea plays an important part in the economy of a large portion of my district in North Carolina, particularly in Brunswick County. For a long time those engaged in commercial fishing have been hampered by the closing and blocking of inlets that they were dependent upon to get out to their "farms."

This was particularly true in the case of Shallotte Inlet and Lockwood Folly Inlet. Drifting sand had blocked these inlets so effectively that the large shrimp boats could not get through, not without endangering their craft and risking their lives. The nearest access to the open sea was Southport, a long run to the north for these people.

As a result, in addition to the initial outlay of approximately $75,000, these "farmers of the sea" were being dealt a serious economic blow as the cost of fuel and labor, as well as time lost in getting to the open sea, was forcing them to leave their historical sites to seek cargo as far away as the Gulf of Mexico.

I am happy to announce that the Corps of Engineers in Wilmington has informed my office that dredging operations in Shallotte Inlet are expected to begin in the very near future. Contracts have been awarded as of the 30th of July and it is expected that all work on Shallotte Inlet will be completed by November 15. Actually the corps has assured me that the work will certainly be completed well before that date, but that is the deadline set by the corps for the contract.

This will have a second, and equally important, impact on the economy of lower Brunswick County. I am speaking of the thousands of tourists who add to the county's income. The opening of this inlet will enable recreational boaters to indulge in sports fishing without endangering either themselves or their craft. Brunswick County is blessed with some of the best of a dwindling land, unspoiled beaches. The waters are renowned for the diversity of sports fish to be found offshore.

The corps also assured me this week that the dredge *Merritt* would be working in Lockwood Folley Inlet from December 1st to the 31st. This is, of course, dependent on no objections by residents of the area and the corps will hold public hearings on this project around mid-September.

At the same time the corps will be working on the stabilization of Lockwood Folly Inlet, including stone jetties such as those either constructed at Wrightsville Beach, N.C., or under construction.

In line with this latter project, members of the corps' Wilmington office will meet with their peers in Atlanta in the near future to discuss the funding of the Lockwood Folly Inlet project.

Hopefully, the money will be forthcoming for the completion of this long-awaited project as readily as was the

$69,000 approved for the Shallotte River and Inlet project.

FEA CONSUMER OFFICE CHIEF QUITS, CITES LACK OF INFLUENCE

HON. ROBERT O. TIERNAN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. TIERNAN. Mr. Speaker, if my memory serves me well, in March of this year, this honorable body of legislators established an Office of Consumer Affairs within the Federal Energy Administration. We created this Agency with the fervent intention to protect the American consumer. Yet, it is my strong belief that our mandate to make the FEA responsive to the consumer viewpoint has been disregarded by the administrators.

In early July, I learned of a plan to cut the staff of the Consumer Agency from 14 to 4. Undoubtedly, this plan would have completely paralyzed and silenced the Consumer Agency so as to nullify the congressional mandate. At that time, I voiced my objection to this plan and urged Mr. Sawhill and Mr. Ash to seriously reconsider the matter. I then received letters from both the FEA and the OMB which led me to believe that the plan to kill the Consumer Office was scratched and that the vitality of the Agency would be maintained.

Was I told the truth? My answer is, "No." I am appalled to now learn that the Director of the Office of Consumer Affairs, Dr. Lee Richardson, has resigned because the FEA has deafened itself to the voice of the American consumer. We, the Members of Congress, enacted legislation to provide a means to express the viewpoint of the American consumer and this congressional mandate has been intentionally ignored. I call this most serious situation to the attention of my colleagues and ask you if we will allow the FEA to neglect the needs of the consumer.

It is the consumer who bears the greatest hardships of the energy shortage. They have had to pay outrageous prices for oil, gas, and electricity, while the large oil companies continue to report skyrocketing profits.

Consumer representatives must be heard and be allowed to participate in the policymaking decisions of the FEA. This is not merely my personal opinion—this is the law.

I would like to include the following article in the RECORD:

[From the Washington Post, Aug. 13, 1974]

FEA CONSUMER OFFICE CHIEF QUITS, CITES LACK OF INFLUENCE

(By Tim O'Brien)

The head of the Federal Energy Administration's consumer office has resigned, charging that energy chief John C. Sawhill never responded to his recommendations, that the office has no influence over policy decisions, and that the plight of consumers is largely ignored by the FEA.

Dr. Lee Richardson, director of the FEA's Office of Consumer Affairs since it was formed five months ago, blasted the energy consumer program in an eight-page letter of resignation dated Aug. 8.

When the FEA consumer office was established last March, it was hailed as a means for representing consumer interests in the agency's decisionmaking structure.

But in his Aug. 8 letter, Richardson said, "The facts of our failure are simple and incredible."

"The office does not now report to the administrator. It literally reports to no one, except that on paper it is one of several miscellaneous units that report to the director for intergovernmental relations."

"The office does not influence FEA decision-making," Richardson wrote. "Never once has the office been asked to assist the administrator on a matter of substance. Never once has the administrator responded to dozens of important reports and recommendations submitted directly to him by the office."

The FEA consumer office was set up after the agency heard growing complaints from consumer groups that energy pricing and distribution regulations were being put into effect without significant input from those most affected—individual energy consumers.

As a result, former FEA chief William E. Simon announced March 13 the formation of the new office, promising that it would play an active role in future policy decisions.

Richardson said the commitments of March 13 "are not being fulfilled."

In an interview yesterday, Richardson said the FEA failed to respond to a number of "extended memos and hard questions we were asking"—the need to justify oil industry profits and price increases, how to better preserve oil industry competition and the need for improved data analysis.

Richardson said "FEA's movements to date on important decisions are on a direct collision course with the best interests of consumers."

"One major misdirection is the FEA subsidization of industry through the theory of the magic profit," he said. He cited a lack of any FEA economic analyses to justify the continuation of a Dec. 19, 1973, decision to raise the price of most domestic crude oil by a dollar a barrel.

"The primary instance of the false magic profit theory is seen in the blind belief that huge multibillion-dollar increases in oil company profits in the first half of 1974 will ultimately produce newer and cheaper supplies of energy," he said. "If such profits are adequate or excessive, FEA doesn't yet know—FEA has not been able to even assemble, much less analyze, the information necessary to begin answering that question."

He also said the agency has not seriously considered reducing retail gasoline price increases granted last March 1. That price rise, he said, is costing drivers about $2 billion a year.

Coincidental with the release of Richardson's letter, the FEA announced plans "to reorganize and strengthen the FEA's consumer affairs program." The consumer office will be combined with the Special Impact Office, Sawhill announced, and the new office will have a staff of 24, including a consumer representative in each of the FEA's 10 regional offices. Until yesterday's announcement, there had been no consumer representatives in the regional offices.

In his resignation letter, Richardson charged that the FEA has been unresponsive to its congressional mandate to protect competition in the energy industry, particularly by failing "to make even perfunctory estimates of what its massive proposals . . . will do to independent (energy companies)."

While the FEA has often promised to deal with energy-related consumer issues, he said, "there has never yet been an instance where any part of FEA's organization has done so. The plights of many groups—volunteers, the elderly, the rural poor, the big city tenants . . . among others—have been ignored by FEA."

Richardson's resignation is effective Sept. 1. He came to the energy administration from the staff of the President's consumer adviser, Virginia Knauer. Energy chief Sawhill thanked Richardson for "serving with distinction in a difficult job."

Lee White, speaking for the Consumer Federation of America, said Richardson's resignation symbolizes "how little concern and attention have been given to the plight of consumers by the administration in its handling of the problems associated with the energy crisis."

Sawhill said Richardson's criticisms were "a little overstated." Responding to the charge that the FEA has no economic analysis to justify its price regulations, Sawhill conceded that the agency has not tried to define what "excessive" oil industry profits would be.

Basically, he said, the industry needs to have a return on investment about equal to the average of American industry, "and they have not attained that in the past." However in the last several months the industry has gone over the average, he said.

Sawhill said Richardson had access to the administrator's office, but that "I've never seen any report that he (Richardson) sent in that had any analytic depth to it."

THE BETHANY NATIONAL BICENTENNIAL COMMITTEE

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CONABLE. Mr. Speaker, I would like to bring to the attention of my colleagues in the House of Representatives the activities of the National Bicentennial Committee of the town of Bethany, a small community of 2,000 in Genesee County in my Congressional District. The residents of Bethany formed the Bethany National Bicentennial Committee in September 1973 and are off to a flying start in scheduling a variety of events to mark the Nation's 200th birthday.

A cookbook, spring sing and a youth play, work on abandoned cemeteries and tree planting projects are included in the activities. Establishment of a small memorial park, to be dedicated on Memorial Day, 1976, is the ultimate goal of the community.

Most of the people in this small community are anxious to do their part and are responding in a spirit of patriotism. Boy Scout troops have offered to clean up and beautify the abandoned cemeteries. One cemetery, according to the town historian, has at least one Revolutionary War soldier buried in it. The recipes for the cookbook have been donated by the women of the town and some of these recipes are more than 100 years old. The tree planting project on public property will be done with the help of the town youth. Two hundred trees will be planted, one tree for every year of our country's existence.

I would like to take this opportunity to commend the Bethany program and hope that it would serve as an encouragement for all communities, no matter how small, in commemorating the 200th birthday anniversary of our Nation.

REFLECTION: THE NIXON YEARS

HON. RALPH S. REGULA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. REGULA. Mr. Speaker, the events of the past week have been historic and overwhelming, both in magnitude and in the speed in which they occurred. I call my colleagues' attention to an editorial that appeared in the Christian Science Monitor on Monday. It is important that we do not forget the many accomplishments of President Richard M. Nixon during his 28 years of public service.

The editorial follows :

THE NIXON YEARS

Though Richard M. Nixon left office under a cloud, his career had been in many respects an exemplary American success story. The storekeeper's son did become president, and along the way he amassed a record of achievement that history will have to weigh against the wrongs that brought his downfall.

Long ago, as a congressional proponent of the Marshall Plan, he hinted at the international statesmanship that culminated in his second-term breakthroughs toward providing the conditions for world peace.

With Henry Kissinger's help, Mr. Nixon risked alienating many of his long-time cold-war supporters by opening America's door to the Communist world. In one year, 1972, his visits to China and Russia led the way to a new era of the nations living together. By 1974 a Moscow summit could seem almost the normal thing.

Then came the triumph of Mr. Nixon's emissary, Dr. Kissinger, in bringing an end to the 1973 Middle East war and laying the groundwork for the difficult continuing negotiations for peace.

These strides forward followed Mr. Nixon's fulfillment of his pledge to end America's military involvement in Vietnam, albeit with deeply controversial methods and timetable.

As the Watergate momentum increased, erosion threatened Mr. Nixon's foreign policy successes. Yet their basic easing of world tensions remains a legacy to the succeeding administration, which must act decisively to prevent further slippage and to move ahead toward lastingly peaceful relations with all. It is to the credit of President Ford that he immediately assured world leaders of his intentions to continue on this path.

Presiding over the visit of the first men to the moon and the return of the last POW from Vietnam, Mr. Nixon led his country during a time that deserves to be remembered for much in addition to the first presidential impeachment proceedings in a century.

Ten years earlier no one would have predicted that Richard Nixon would be in the White House. He had been defeated not only for the presidency but for the governorship of California. The charges of unfair campaign practices lingered over him from his first congressional and senatorial races, as did the Checkers speech about the Nixon fund, and his controversial role in the Hiss case. As Vice-President, he had coped with what he called one of his "six crises," the illness of President Eisenhower. But now he was labeled a "loser."

Yet Mr. Nixon talked and traveled and labored and won his way back to the leadership of his party and of his country. Though his presidential domestic record was weak in comparison with his foreign policy, he did take highly debated steps that could have lasting impact.

For example, Mr. Nixon began to turn away from the Johnsonian "war on poverty" sort of federal program, and toward the revenue-sharing approach—with all the strengths and pitfalls of increasing state and local options in the use of federal aid. He left his influence on the Supreme Court through the appointment of four justices tending toward conservatism and away from the social activism of the Warren court. He ended the draft. If he finally failed to stop inflation, he made a start on a national energy policy.

Less publicized was Mr. Nixon's firm support of more and more federal funding for the arts and humanities, and there is no telling how much this investment may affect the future quality of life in America.

No one can be certain of what history will choose to emphasize among the events of the Nixon years. But it does not condone any of Mr. Nixon's wrongdoing to recall his positive contributions.

AMENDMENT TO MOTOR VEHICLE SAFETY ACT

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. KETCHUM. Mr. Speaker, the House has just taken one of the saner actions of the year in accepting Congressman WYMAN's amendment to the Motor Vehicle Safety Act. The amendment simply stated that new cars do not have to have an ignition interlock system that prevents a car from starting unless seat belts are fastened, or a "sequential warning system" that causes all sorts of noise and lights to start unless the seat belts are on. I am enormously pleased that we have learned it is time to cease strangling our citizens with more and more regulations designed to force them to be good.

I like to think that there are still some freedoms we enjoy in this country that have not been legislated away by "big brother government." One of these should be the right to get into our cars and start the engines without bells ringing, buzzers buzzing, and lights flashing.

The interlock system would keep a car from even starting if it sensed that weight on the front seat was unfastened, while the sequential warning system causes all the alarms to go off. With these outlandish nuisances in effect, you even have to buckle up a grocery bag or the family dog in the front seat in order to turn them off.

Nor do these devices come cheap. The sequential warning system costs at least $70. And then we hear about mandatory air bags which will cost between $200 and $300. Times are hard enough. There is no excuse for saddling the American car buyer with extra costs running to hundreds of dollars for safety devices they do not need or want.

I use seat belts because I believe that in many cases they can save lives. I believe that all our citizens should use them. But I do not think it is the proper role of the Federal Government to step in and force us to use them whether we want to or not. Government should be the people's servant, not a dictator regulating their private lives.

INFLATION: THE DANGERS OF COMPROMISE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CRANE. Mr. Speaker, no problem facing the American people represents a greater threat to our long run best interests and stability than that of inflation.

Yet, the problem of inflation will never be solved unless we deal with its causes. The approaches we have taken in the past, such as the imposition of wage and price controls, have not worked, and could never have worked, for they did not deal with the real causes of inflation.

The basic cause of inflation relates to an artificial increase in the money supply, making existing currency worth that much less and enabling Government to spend money which does not, in reality, exist.

Prof. Milton Friedman makes this clear when he notes that—

The common element in inflation is . . . an increase in money demand accompanying a rapid increase in the quantity of money. In 1848–1857, the increased quantity of money was produced by gold discoveries in California; in 1896–1913, by the perfection of the cyanide process for extracting gold from low-grade ore; in the Civil War and the two World Wars by the creation of money to finance military expenditures; in 1964-present by the Federal Reserve system, partly to help finance large government deficits.

As President Ford begins to confront this problem it is essential that he and his advisers deal with the real causes of inflation. Unfortunately, his stated goal of "compromise," while valid in many areas of public consideration, may be invalid in the economic area. The Wall Street Journal notes that,

If this candid and plain speaking man means what he says about finding the answers to inflation through agreement and compromise, economic policy is in for a period of drift.

The Journal points out that,

There is in fact more support for austerity on Capitol Hill than meets the eye, and perhaps skillful involvement of Congress at an early stage will result in lower budget figures . . . the constant danger is that the President will be co-opted, that the Executive itself will slip into the easy but directionless spirit of the Legislative hall. If leadership by compromise is to have any chance at all, the commanding essential is that the President must have an absolutely firm idea of where he wants to go.

Where I hope the President wants to go is back to our traditional ideas of balanced budgets, reduction of debt, and a sound currency which can be relied upon by our own citizens and by men and women throughout the world. I wish to share with my colleagues the editorial, "The Dangers of Compromise," which appeared in the Wall Street Journal of August 14, 1974, and insert it into the RECORD at this time.

THE DANGERS OF COMPROMISE

President Ford's spirit of compromise and conciliation obviously fills the national need for healing, and we are willing to be con-

vinced that it's also the right tactic for dealing with the problems of the economy. But on the latter score we confess to doubts that will have to be stilled.

No democratic system can function without compromise, but if large and complex problems are to be solved there also has to be a sense of direction. In principle we are indifferent to the source of leadership, but in practice it cannot come from Congress, any more than it could come from any other committee of 535 persons. Which means that the guiding concepts must come from the President, that the Executive branch must have a blueprint to sell to or impose upon Congress.

Now, perhaps Mr. Ford has such a blueprint, along with a strategy to sell it with honey instead of vinegar. There are hints of this, for example, in his pledge to personally chair the proposed "economic summit." We certainly hope there is more to these hints than meets the eye. For if this candid and plain speaking man means what he says about finding the answers to inflation through agreement and compromise, economic policy is in for a period of drift.

Envision for a moment what an unguided "summit" would look like. There will be economists arguing for a $10 billion budget cut. There will be economists arguing for a $5 billion tax cut. There will be economists arguing for 5% monetary expansion. There will be economists arguing for a 7% prime rate. There will be management arguing for a larger share of the economic pie for profits to promote supply expansion. There will be labor arguing for a larger share of the economic pie to restore real wages.

In the spirit of compromise, so typified in the habits of the Legislative branch, the answer is: a $2 billion budget cut, a $2 billion tax cut, 6.5% money growth, a prime of 10%, measure X favoring profits at the expense of wages and measure Y favoring wages at the expense of profits. At this point, inflation refuses to abate, even though "everything has been tried."

The next step is wage and price controls, which have never worked anywhere but which satisfy the political urge to do something quickly. The nation is now supposed to be immune from controls because it has learned the lesson, and nearly everyone understands that controls only reduce supplies and thereby intensify inflation. But other nations have learned that lesson time and again, only to return to controls because of the irresistable force of short-run politics. The President's willingness to experiment with jaw-boning and price monitoring agencies is perhaps only a compromise for now, but in the longer run its implications are downright alarming.

Now, we would certainly not argue that this scenario is in any way inevitable. Any legislator knows how to run a committee hearing to come up with the answer he wants, and we rather hope the President will approach the economic summit in this spirit. Similarly, a really good legislative leader knows how to make the compromises that take him where he wants to go. And the time for this kind of leadership may be ripe.

In trying to curb congressional tendencies to spend, the tactics of confrontation have not worked very well. Faced with a torrent of blame for spending, Congress responds by making extravagant proposals, then cutting them back just to the point that makes a possible veto a tough political decision. There is in fact more support for austerity on Capitol Hill than meets the eye, and perhaps skillful involvement of Congress at an earlier stage will result in lower budget figures.

No doubt it is this kind of compromise, and this kind of leadership, that the new President has in mind. It is certainly worth a try, but the constant danger is that the President will be co-opted, that the Executive itself will slip into the easy but directionless spirit of the Legislative hall. If leadership by compromise is to have any chance at all, the commanding essential is that the President must have an absolutely firm idea of where he wants to go.

SUPPORT FOR EXPORT-IMPORT BANK

HON. RICHARD T. HANNA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. HANNA. Mr. Speaker, on June 28, 1974, the Wall Street Journal editorially called for the termination of the Export-Import Bank.

I would like to bring to the attention of my colleagues the response of Mr. Hugh Darling, vice president of the International Division of United California Bank, to this editorial. Mr. Darling raises several vitally important arguments in support of the Export-Import Bank and its operations. I would hope that my colleagues would read Mr. Darling's letter and consider it carefully. The letter follows:

UNITED CALIFORNIA BANK,
Los Angeles, Calif., July 23, 1974.

The EDITOR,
Wall Street Journal,
New York, N.Y.

DEAR SIR: Reference is made to the editorial appearing in the Wall Street Journal on June 28th entitled "A Long Look At The Ex-Im Bank". It would appear that while the look might have been long, it may have myopically missed many pertinent facts. The editorial was particularly troublesome inasmuch as it deviated so sharply from the Journal's historical reporting.

I would make first reference to the last paragraph as a magnificient piece of wishful thinking. To imagine that countries substantially reliant on exporting would "follow suit by scrapping these nonsensical subsidies" is an assumption that cannot be supported.

Further points worthy of note:

a) U.S. economic interests have been bettered by an annual dividend of $50 million on $1 billion of stock to the Treasury. In addition to having paid the Treasury a total of $856 million, a reserve of $1.5 billion has been built up.

(b) Since Eximbank borrows their funds in the capital market no use of tax payers money is involved.

(c) Although the editorial dwells heavily on the 7%, it completely ignores the fact that commercial banks have in concert with Eximbank used substantial private funds at normal commercial rates. In addition direct loans, the target for your criticism, represents only 25% of Eximbank's activities.

(d) Competitively, normally term rather than rate decides the decision to buy. Commercial banks could not entertain the term required in many transactions without the assistance of the Eximbank for the longer and later maturities. Without Eximbank, Japan, England, Germany or other countries would step in and win the bid to the detriment of the American producer, balance of trade and balance of payments.

(e) If transactions moved without Eximbank, financing would be required. Eximbank effects this in funding in the same manner the private sector would do—through corporate borrowing. It might also be added that out of a total of $130 billion raised annually in the private capital market, Eximbank borrows $1 billion to finance $12 billion worth of exports in partnership with commercial banks.

(f) Producing for export creates thousands of jobs in the United States that otherwise would not exist, and if the American corporation could not bid competitively and obtain contracts for foreign sales the percentage of unemployed would automatically increase.

(g) If your recommendation to terminate the life of Eximbank was followed this action would also result in the termination of the Foreign Credit Insurance Association in view of the Eximbank coinsuring or reinsuring all FCIA's transactions. This would further adversely affect the export expansion projections of the U.S.

I would respectfully request that the Wall Street Journal consider a further editorial to present the whole story of Eximbank. I believe that when all the relevant facts are put in the balance, reasonable men will see the merit in supporting S. 1890 and H.R. 13838.

HUGH DARLING,
Vice President.

THE FINANCIAL PLIGHT OF EISENHOWER COLLEGE

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CONABLE. Mr. Speaker, during the past few months the financial plight of Eisenhower College has become known throughout the country. In my home area of New York State, though, it has become a cause of alarm for the media reminded us frequently that the trustees of Eisenhower had predicted in March a need to consider closing the college at the end of the past academic year, unless the operating budget was balanced.

Everyone connected with the college, I know from personal observation, rallied to the cause. The faculty and students were resolute in their determination that the college would live and it proved true, although no one can be sure for how long. Although people generally are reluctant to give to causes which appear unsteady, the faithful contributors to Eisenhower continued to be so and sufficient gifts were raised in a last-gap effort to permit the trustees to announce that the college must and would continue, even at the risk of their underwriting the next year's deficit. Their action was taken greatly out of the show of spirit in support of the college.

Now, this situation is hardly unusual today. Many colleges face extreme financial pressures so, why is Eisenhower College so different?

The New York State Legislature answered this question—after the trustees voted to continue the college—by voting a special $2 million loan, because they could not accept the demise of the national memorial to General Eisenhower which happens to be in New York State. The State is not in a position, nor does it have the responsibility that we in the Congress do, to provide sufficient funds to insure the operational stability of Eisenhower College.

The funds proposed in H.R. 16032 will serve as endowment, providing, thereby, operational stability for the years ahead.

I agree with the New York State Legislature that the national memorial to Dwight Eisenhower should continue and, because it is a highly respected memorial to one of our most distinguished public servants, it is different from other colleges and universities and should be thought of differently—as a memorial rather than as a college. This is not to suggest that it cannot stand comparison as a college of quality. It can. But, it deserves our special funding because it memorializes the 34th President of the United States.

SOCIALIZED MEDICINE BAD FOR AMERICA

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. COLLINS of Texas. Mr. Speaker, one of the most controversial issues now involving the medical profession is the trend toward socialized medicine in the United States. At the present time, there are dozens of bills so directed, each professing a different solution to our present health care concerns. One such proposal, Kennedy-Mills, portends the end of the private health care system as we know it today by activating a federally financed program which will aid all citizens and cost the Federal Government approximately $60 billion. Also some Senators have proposed a compulsory insurance system be imposed upon the existing private health insurance. In doing so, employers would be required to pay for their employees' health insurance, and this expense would be passed on to consumers in the form of higher prices.

Let us take a look at national health insurance programs now in operation in Britain and Sweden. Great Britain has had its national health insurance program for the past 25 years. It was reported in the Crisis that in 1969 the United States had 7,144 hospitals, a 4-percent increase since 1960. Britain, however, had no newly built hospitals, but is now concentrating on community health centers. In 1969, it was found that the average stay in a hospital in the United States was 8.3 days compared to a 13.8-day stay in England and Sweden. British and Swedish people even sign up a year in advance for an operation and 7 years for hernias or varicose vein operations. Compare this with 2 to 4 weeks for the United States.

Sweden's average person pays 20 percent of his taxes for "socialized" medical care and at this time there is still a shortage of facilities and doctors to meet the needs of the people. According to the Heritage Foundation, it costs Britain 2,200 million pounds—nearly 6 billion American dollars—a year to maintain their national health insurance program.

We now have more doctors per population than any major European nation. We have 1 doctor for every 597 citizens. Britain has 1 for every 1,059 persons. According to Medical Education in the United States, last June our medical schools graduated 10,391 medical and osteopathic physicians. Our physician population is growing while in Britain, state control of incomes in the medical and dental professions has resulted in the loss of many highly trained men and women.

It is apparent to everyone that one of the biggest advantages of our free enterprise in the United States is the privilege of having a family doctor of our choice. However, according to Perspective, 90 percent of all doctors are employed by the state in Sweden, leaving 10 percent who are in private practice. Thus, virtually all Swedes are treated by government rather than private physicians. In Britain, every patient is required to "contract" with a primary physician. Once a doctor and patient contract, then the contracted physician will contact a needed specialist if needed. A recent survey in England, reported in the Crisis, revealed that fewer than 50 percent of national health insurance patients get to see the specialist of their choice and 42 percent are never even told the name of the specialist they see.

Another important point to bear in mind before deciding on national health insurance is some of the burdensome programs already established by the Federal Government to aid in health care. For instance, medicare and medicaid went into effect in fiscal 1967 as the Federal Government's first step toward the socializing of medicine. In the short 8 years of its existence, the cost of medicare increased by 419 percent, while medicaid increased some 517 percent.

Unless you are a doctor participating in the medicare program, you do not realize the work which he goes through filing claims for his patients. The doctor is given a supplier number and then coding manual. He must file the claim giving the name, address, medium number of the patient, and the patient's Blue Cross and Blue Shield number, if the patient has one, for each claim. He must also give the date of service, description of type of treatment, what kind of visit, office or et cetera, charge for each service, et cetera. If the information is not precise, the patient as well as the doctor may wait weeks and months for reimbursement.

Even after the inherent problems in the medicare and medicaid programs, the Federal Government now wants to go one step further by subjecting our doctors to federally regulated PSRO's which I still oppose. The Federal Government is going to spend $57 million starting July 1, on National PSRO review work.

What the doctors are fighting is the handful of bureaucrats and laymen who insist on hovering over the doctor with HEW's book of regulations which will, in the final analysis, hurt the patient and the kind of treatment a doctor will be able to give.

Is socialized medicine the answer? Take another look at the number of unfavorable aspects about national health insurance. It all boils down to the fact that in the end the Federal Government will be spending more money than it will be saving. National health insurance would decrease the efficiency of our doctors due to an overload in work; it would create a shortage of doctors, because of a lack of incentives; and it would result in overcrowding our hospitals and clinics.

BRITISH ROLE IN SUEZ CANAL CLEARING OPERATIONS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. HAMILTON. Mr. Speaker, the enclosed statement, describing the role of the British Navy in helping with Suez Canal clearance operations, amends previous comments made by Michael Sterner, former Director of Egyptian Affairs, the Department of State, in testimony before the Subcommittee on the Near East and South Asia on May 8, 1974.

I would like to bring to the attention of my colleagues the very helpful assistance the British have provided in complementing our own efforts in the Suez Canal clearance operations.

DEPARTMENT OF STATE,
Washington, D.C., August 13, 1974.

Hon. LEE H. HAMILTON,
Chairman, Subcommittee on Near East and South Asia, Committee on Foreign Affairs, House of Representatives.

DEAR LEE: The British Embassy read Michael Sterner's testimony before your Committee on US involvement in Suez Canal clearance operations, and were surprised that the British role in these operations was not fully stated. They also noted that the Congressmen had some questions regarding British activities.

The Embassy on July 23 submitted to the Near East Bureau a brief account of their activities in the canal, requesting that this information be passed to your Committee for possible inclusion in the Record.

Complying with their request, I enclose the statement of the British Embassy so that the Record can be set straight and the British role will be known.

I will appreciate your handling this matter in any way you feel appropriate.

Cordially,

LINWOOD HOLTON,
Assistant Secretary for Congressional Relations.

SUEZ CANAL CLEARANCE OPERATION: BRITISH ROLE

The Royal Navy (RN) Task Force consists of a mine countermeasure support vessel, three mine Hunters and members of the fleet clearance diving team (the number has varied from 14 to 20).

The first task undertaken by the RN Force was to find, mark and explode mines laid in the northern approaches to the Canal where such mines were obstructing the entrance to the Canal or needed to be removed to enable the combined RN/USN forces to begin operations.

The main task of the RN Force is to find, mark and identify ordnance on the bed of the Suez Canal. Exploded ordnance is marked and left for recovery by the Egyptian Navy. Unexploded ordnance is exploded or rendered safe and removed and handed over to the Egyptian Navy for disposal in a safe condition. Objects on the sea bed are detected by the sonar fitted in the mine Hunters. Subsequently divers either from the ship or the fleet clearance diving team are directed to the spot where they identify and if necessary counter mine the ordnance.

The RN Force began operations in the second week of April 1974. Operations are expected to continue for several months. By 1 July 1974 the RN Force had cleared over 100 Km of the Canal bed and dealt with some 1500 items of unexploded ordnance.

The financial arrangements for our contribution are that the Ministry of Defence will bear the costs including the pay of personnel which would have been incurred by the Royal Navy units concerned if they had not come to Egypt. The extra costs of the operation are to be provided on grant terms by the Ministry of Overseas Development. These grants will be offset by a corresponding reduction from the $5 million loan fund made available to Egypt in 1972. The Egyptian authorities are making available free of charge a range of local facilities for our forces in Egypt, but we have no knowledge of the costs involved.

THE POST SUPPORTS SAIGON

Hon. PETER H. B. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. FRELINGHUYSEN. Mr. Speaker, on August 11 the Washington Post, long an effective critic of American involvement in Southeast Asia, made a dramatic change in its editorial policy. The editorial board of that influential newspaper has had the intellectual honesty to review the facts of the situation in Vietnam, in an excellent editorial to revise its previous policy concerning U.S. aid to our beleaguered ally.

The Post, quite rightly in my opinion, points to the unfairness of withdrawing of U.S. aid to Saigon at a time when Hanoi is under no such pressure. They point to the importance of maintaining an interest in the fate of Saigon by acting to provide it with such aid, both military and economic, as can be used effectively.

It is my understanding that the Post reversed its traditional stand on Vietnam after the editorial board questioned at great length our envoy to Vietnam, Ambassador Graham Martin. The Ambassador, who has had the misfortune of being misunderstood on occasion in the past, must have conveyed his fundamental points in a convincing way to a difficult and discerning audience. I only wish that every Member of Congress might have an opportunity to hear the Ambassador personally on this critically important subject. Failing that, I commend the Washington Post editorial to my colleagues' attention.

The editorial follows:

AID FOR VIETNAM

Congress, in its deliberations on aid for South Vietnam, is shying away from the central issue: What is the American interest? For if it matters to the United States whether Saigon fares well or ill, one aid strategy is dictated; and if not, another. To proceed as though the level and kind of aid has no real connection to the goal of American policy is to fly blind.

Like many Americans, we had hoped that the Paris Agreement of 1973 would launch the contending Vietnamese on the path to eventual reconciliation. This would have resolved the American dilemma. But it has not happened. Hanoi and Saigon are still fighting; it looks as though they will for a long time. If one side or the other were clearly at fault, that would be one thing. We accept, however, the judgment of a new Senate Foreign Relations Committee staff study: "Lack of respect for the Agreement is so widespread that it is impossible to apportion responsibility for the continued fighting."

This bears directly on congressional efforts to cut aid. It would be greviously unfair in our view for the United States—by withholding aid—to penalize Saigon alone for a breakdown which is properly the responsibility of both Vietnamese sides. Nor does withholding aid become any fairer in these circumstances when it is described as a way to induce President Thieu to honor the Paris Agreement and to make concessions to his Vietnamese rivals. We have leaned toward this view ourselves in the past. But looking at the record of the last 20 months, we have had second thoughts. We now conclude that it is wrong to try to make Saigon alone observe the agreement, to its political detriment, when Hanoi is under no similar pressure to observe its side of the agreement. Unilateral pressure, furthermore, precludes a new American approach to Moscow and Peking—an approach we believe should be made—to reduce further all outsiders' roles, especially as arms suppliers.

The only correct basis for phasing out aid, we now believe, is a determination that it no longer is important to the United States what happens in South Vietnam. A powerful case for this can be made: the United States has invested an immense amount of blood, treasure and prestige in Vietnam, won that country the opportunity to fend for itself, and now has its own good reason to turn aside. But if this determination is to be made, we Americans owe to ourselves—and to the Vietnamese and to others elsewhere who rely upon us—to make it openly.

To pledge fidelity but to reduce our support progressively or even precipitately is to undermine both interest and honor. If the Congress in its fatigue or wisdom—whatever the mix—is to pare aid this year and to threaten to cut even more next year, it should have the courage to announce that it no longer considers the outcome in Vietnam as a matter of American consequence. To cut aid while claiming that the cut will actually improve Saigon's chances of securing its own salvation is doubletalk. To cut aid while declaring that the *people* of South Vietnam will benefit from the new policies thereby forced upon President Thieu is at best, speculation; in our view, it is too flimsy a foundation for policy.

The alternative approach is, of course, to acknowledge a continuing interest in the fate of Saigon and to act accordingly on aid. This is the course we have come to favor, after having inclined the other way during the past 20 months. What has persuaded us to change our view is largely the prime new fact that a mutually acceptable political solution has seemed progressively to recede from reach. We think that Americans would not like to live in a world where a small nation that had strong reason to rely on American steadfastness had been let down. In that sense, the American "commitment" to Saigon *is* open-ended. To hold otherwise is to advertise one's own unreliability. It can be argued, with all too much merit, that the assurance of American support lets Saigon ignore American efforts to induce changes in its domestic policies and in its attitude toward Hanoi. The answer—surely worth testing—is that Saigon may become more responsive to American advice as it becomes less fearful of American abandonment.

Aid to Vietnam should be offered on the basis of what dollar levels and what forms of aid (economic or military) and what particular programs will enable Saigon to tend effectively to its citizens' security and welfare. This formulation admittedly leaves many loose ends, many unresolved arguments, many uncertainties. There is in the United States an evident shortage of economic and political resources to assure success. And whether the Thieu government can adequately respond is a question bound to trouble any realistic observer. We are convinced, nonetheless, that the principle of American steadfastness deserves to be honored as best we can, even though the particular government benefitting from its application in this instance is far from a model regime. There is where the overriding American interest lies.

THE PLIGHT OF OUR ECONOMY

HON. HUGH L. CAREY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CAREY of New York. Mr. Speaker, the president of the United Steelworkers of America, Mr. I. W. Abel delivered a fine statement to the Joint Economic Committee today on an issue which touches all of us—the plight of our economy.

In light of the importance of his statement, I include the full text in the RECORD for the benefit of my colleagues:

STATEMENT BY I. W. ABEL ON THE MIDYEAR ECONOMIC REVIEW, AUGUST 14, 1974

I want to thank the chairman and members of the committee for this opportunity to present the views of the AFL–CIO on national economic developments and trends.

The inauguration of President Ford on August 9 has given the American people and the national economy a psychological lift. The importance of such a boost to the spirit of the American people cannot be overestimated.

However, this psychological boost must be supplemented, quite rapidly, by an economic program designed to solve—not perpetuate—the economic problems that face the American people.

At its meeting in Chicago August 5 and 6, the AFL–CIO Executive Council devoted considerable attention to the sorry state of the national economy. Not since the end of World War II have the American people been faced by an economic situation as serious, as complex or as dangerous. The problem was compounded by misguided policies of the last Administration, by neglect and by widespread public distrust of the government's ability to deal with economic difficulties.

These problems have by no means gone away with Mr. Nixon's resignation. It is our hope that both the Congress and the new Ford Administration, now that the national nightmare is over, will turn their full attention to setting these matters straight.

The AFL–CIO Executive Council declared last February and May that the American economy had been in an inflationary recession since the final months of 1973, and recent government figures bear that out.

The dimensions of the problem are unchallengable:

Inflation is continuing to climb. The average worker's buying power is declining. Unemployment is up and is expected to rise during the coming months. The highest interest rates in 100 years and a money crunch are creating depression conditions in the home-building industry and serious trouble for other parts of the economy.

The recession is continuing and appears to be deeping. A long drawn-out recession, combined with continuing inflation, stares America in the face.

The stepped-up rise of prices was set off by the Russian grain deal in July 1972. The price began to accelerate in the second-half of 1972—during Phase II of the last Administration's so-called stabilization program, a one-sided program of controls on workers' wages and heavily weighted in favor of big business and big banks.

Inflation was aggravated by devaluations of the American dollar and vast exports of farm products and crude materials in short supply, such as steel scrap, copper scrap and even waste paper.

It was aggravated further in 1972, an election year, when the Federal Reserve supplied a rather easy flow of money and credit, at slowly rising interest rates, which encouraged speculation and the build-up of installment and business debt.

Added pressures on the rising prices of key farm products, raw and crude materials, resulted from hectic speculation and profiteering in the essentially unregulated commodity exchanges.

The energy emergency in the autumn of 1973 and the winter of 1973–1974—with the extraordinary rise of prices of oil and petroleum products—added still further to accelerating inflation and the economic woes of the American people.

The last Administration's response to these developing troubles—which it set off and, in large part, encouraged—was to adopt restrictive monetary and fiscal policies in early 1973. By the late winter and early spring of 1974, the government's economic program boiled down to very tight money, sharply rising interest rates and a hold-down on expenditures for essential programs, such as low- and moderate-income housing.

These policies could not possibly curb this rising tide of inflation. But they hit homebuilding first and hardest; residential construction, which declined in 1973, is now in a depression. They were a major factor in throwing the American economy into today's continuing recession. They generated even more inflation by raising costs and prices.

Moreover, these policies, and the money crunch they created, now present the threat of a deeping recession, business failures and high unemployment, while inflation persists.

Take a look at these facts:

Inflation—with its very marked effects on food and fuel prices, which have been spreading to the prices of industrial goods, utilities and services—has had a particularly devastating effect on most retired people and on low- and middle-income families with children. Their living standards have been undermined.

The buying power of the average worker's weekly take-home pay has dropped to about the level of 1965, nine long years ago.

The number of unemployed rose more than 750,000 between October 1973 and July 1974. If unemployment reaches a 6 percent rate, which government economists say is possible by the end of this year, it would mean an additional 650,000 pobless. The way things are going at present, the rise of unemployment may be considerably greater.

In recent months, the real volume of retail sales, after accounting for higher prices, has been about 5 percent below the same period of last year.

A housing shortage has been developing, while both housing starts and building permits have been falling sharply.

Confronted by the highest interest rates since the Civil War, many cities and counties are postponing bond issues and delaying investment in public facilities and services.

Public utilities are cutting back plant expansion programs. Even such large corporations cannot afford today's interest rates, since they are also faced by inflated fuel costs.

These actions by local governments and public utilities mean cuts in heavy construction, reduced orders for machinery, fewer jobs and increasing unemployment.

The monetary policies of the last Administration have brought the American economy to the edge of disaster.

A decisive change is needed to begin to lift the economy out of its present mess and onto the road to balance and health.

A decisive change in economic policies is also essential to maintain the psychological lift of the past few days and restore public confidence in the government's ability to manage economic problems with fairness, equity and justice.

Against this background, it should come as no surprise that workers are reaching for higher wage settlements at the bargaining table. The stepped-up inflation of the past two years leaves them no other choice but to try to stem their losses through negotiations with their employers.

By the time Mr. Nixon stepped down from office the inflation rate was more than double what it was in early 1969.

Over the 12 months that ended in June, the Consumer Price Index shot up 11.1 percent and even higher prices are already inescapable.

During the 12 months through July, wholesale prices climbed 20.4 percent. Wholesale farm prices have turned up and during the past quarter, wholesale prices of industrial goods rose at an annual rate of 30.4 percent. These increases are now on their way to the retail market and the consumer.

In June, the buying power of the average worker's weekly take-home pay was 4.5 percent lower than the year before and nearly 7 percent lower than in October 1972. June was the 15th consecutive month in which the average worker's buying power was below the level of the year before. It stands, as I said earlier, at about the level of 1965.

The Labor Department tells us that during the 12 months ending in July, the average worker's hourly wage rose only 8 percent, and that includes all wage increases, cost-of-living adjustments and the long-delayed rise in the federal minimum wage from $1.60 to $2 an hour.

Wage settlements reached in major collective bargaining contracts during the April-June quarter this year carried an average first-year increase of 9.2 percent, or 7.4 percent over the life of the agreement, plus cost-of-living escalators in many of the agreements.

So workers are still falling short of the 11.1 percent increase in living costs over the past year and are still losing ground.

The incomes and living standards of workers, pensioners and others living on low fixed incomes are being squeezed. But other types of incomes and costs are shooting up sharply.

Even though real economic growth has been declining, corporate after-tax profits jumped 28 percent in the second quarter of this year, according to a preliminary estimate by the First National City Bank of New York. The bank said "the advance appears to be largely, if not entirely, due to rising prices."

That 28 percent profit increase came after a 19 percent increase in the first quarter, when the economy was in the sharpest decline since the recession of 1958. It followed profit boosts of 26 percent in 1973, 25 percent in 1972 and 17 percent in 1971.

The prime interest rate, which the commercial banks charge on loans to the major corporation, jumped from 6 percent in early 1973 and 8¾ percent in the first half of last March to 12 percent at present. That is a rise of 100 percent in the past 18 months and 37 percent in five months.

The tight money—high interest rate policy, enforced by the Federal Reserve, is putting the economy through a wringer. It has pushed the economy to the brink of disaster. A depressed home-building industry, declining national production and increased unemployment have been added to runaway inflation.

This spectacular rise of interest rates is adding sharply to inflationary pressures. It is directly boosting prices throughout the economy, as business passes on increased interest-rate costs. By creating slump conditions, It is depressing productivity and adding to upward pressures on unit costs and prices. In the name of fighting inflation, the Federal Reserve has become an engine of inflation.

These interest rates are boosting the taxpayers' burden. Interest payments on the federal debt rose $5.3 billion between fiscal years 1973 and 1974—much of it due to higher interest rates. It is also increasing the interest-payment burden of state and local governments.

Along with the immediate damage, the Federal Reserve's policy is building higher costs into the economy for many years in the future.

For example, payments on principal and interest for a 25-year, $25,000 mortgage at a 10% interest rate are $227 a month. That is $66 a month more, every month for 25 years, than the same mortgage at 6 percent. So over 25 years, the buyer will pay $68,100 for his $25,000 mortgage, or $19,800 more than he would pay at the 6 percent rate.

The Federal Reserve's goal is to further slow down the economy. If it succeeds, it will increase unemployment, which has already risen from 4.6 percent of the labor force to 5.3 percent since last October. That is an increase from 4.1 million to 4.9 million jobless.

The high-interest squeeze is creating further weakness in the economy, in addition to the depressed state of home-building and weakness in retail sales.

Major cities and counties have found it impossible to float needed bonds issues at current interest rates, resulting in the postponement of improvement in community facilities and services, as well as curbing the growth of job opportunities.

Public utilities, confronted by these interest rates and high fuel costs, are cutting back plant expansion despite the need for additional gas and electricity facilities—adding to the 10.6 percent unemployment rate among construction workers and cutting the expansion of jobs for utility workers.

Such cuts in private and public investment now pose the danger of widespread reductions of the large inventories business accumulated in the past year. The result could be cancellations of orders for goods in the coming months and a general drop in production, working hours and employment.

Moreover, the Federal Reserve policy is discriminatory. It favors the powerful big-city commercial banks, wealthy money lenders and money-laden major corporations. But it hits workers and consumers, homebuilders and home-buyers, communities, smaller businesses and even those corporations, like public utilities, that need lower-interest loans. While all of these have been starved for credit, there has been a continuing flow of loans for other purposes, such as foreign loans.

Governor Andrew Brimmer of the Federal Reserve Board reported last month that American banks increased the flow of money to foreign borrowers by $8.5 billion during the first five months of this year.

"Only a small share of the rise in bank loans to foreigners has been associated with export financing," Brimmer said. "Instead, it appears that, with the termination of non-export foreign lending restraints, banks have de-emphasized export financing and intensified their interest in developing other foreign lending and investment opportunities."

Nothing could be clearer than the fact that the tight money—high interest rate policies worked against the interests of the American economy and the American people.

These policies can reduce the rate of inflation only by subjecting the American people to the suffering of a depression or extended recession.

High interest rates and the rising price of homes, plus the phase-out of federal low- and moderate-income housing programs have brought a sharp drop in residential construction since early 1973.

Prices of homes and rents for new apartments have risen sharply. Credit for builders' loans is drying up and available only at very high rates. Moreover, the upward spiral of interest rates, led by the major commercial banks, has resulted in the large-scale withdrawal of funds from savings and loan associations and mutual savings banks, which are the main source of mortgage money.

Housing starts during the first half of this year were 31 percent below the comparable part of 1973, and in 1973, they were 13 percent below 1972.

Price inflation and the cutback in federally assisted home production have also shifted production toward the high end of the price scale. Less than 5 percent of new homes sold are now priced at under $20,000, and less than 30 percent at under $30,000. The median new home sales price is up to about $36,000.

As a consequence, most American families have been priced out of the housing market. It would now require an $18,000 income to meet total homeownership costs on a home with a $30,000 mortgage, which rules out about three-fourths of American families.

The annual rate of 1.6 million housing starts in 1974, so far, is barely keeping pace with the annual increase in households over the past two years. It does not allow for replacement of an estimated 700,000 units lost from the housing supply annually due to demolitions, fire, flood and other causes, and it does not begin to allow for housing to accommodate the mobility and migration of the population. The overall production deficiency creates housing shortages which breed more inflation.

The question of where low- and moderate-income families will find adequate housing has been ignored by the federal government. The rapidly increasing conversion of housing to condominium status is bringing crisis to hundreds of thousands of families that are being displaced because they can't afford to pay the price.

In addition, it is estimated that as much as 25 percent of the housing units sold this year will be condominiums, and that fact is creating new problems for those who can afford to buy them, as well as for those who can't. Many of these people are finding themselves saddled with escalating management and recreational fees under long-term contracts, as well as mortgage payments. There is no adequate consumer protection at federal, state or local government levels.

The housing chaos created by the last Administration has to be cleaned up as quickly as possible.

We urge the new Administration and the Congress to restore residential construction to a level that will meet the needs of the American people by taking these steps:

1. The Administration should use the remaining unused contract authority for housing assistance payments to make new commitments that will support the construction of additional units under the Section 235 home ownership assistance and Section 236 rental housing assistance programs. It should also utilize such additional authority as the Congress may enact in support of conventional low-rent public housing and assisted housing for the elderly.

2. The Congress should enact sufficient additional contractual authority for annual assistance payments under the conventional public housing, Section 235 and Section 236 programs that would permit those programs to be fully implemented during fiscal years 1975 and 1976.

3. The Congress should enact pending legislation that would permit direct loans and housing assistance payments to provide housing for low- and moderate-income senior citizens.

4. The Congress should enact proposed legislation that would provide for middle-income home mortgage financing at lower interest rates than those presently available, through mortgage purchases by the Government National Mortgage Association.

5. The Congress should adopt legislation to protect American families from abrupt displacement from apartment houses being converted to condominiums, and to protect consumers who purchase condominiums against hidden, long-term charges.

The AFL–CIO is convinced that the tight money-high interest policies pursued by the Federal Reserve are a dire threat to the well-being of the American people. We believe that an immediate and thorough change in monetary policy is essential. We trust President Ford will agree.

For our part, we see an urgent need for much lower interest rates, combined with a selective monetary policy based on social and economic priorities. In our view, the extension of available credit should be eased for high-priority objectives and tightened for low-priority purposes.

Therefore, the AFL–CIO:

1. Urges the Congress to take immediate action to direct the Federal Reserve System to allocate available bank credit on a selective basis—to allocate a significant portion of available bank credit, at reasonable interest rates, for such priority purposes as housing, community facilities and expansion of essential public utility plants and to curb the flow of credit for such activities as gambling casinos, land speculation, hoarding, foreign loans and foreign subsidiaries of American companies.

The Federal Reserve System should also be directed to provide a sufficient expansion of money and credit, at lower interest rates, to encourage the needed expansion of economic activity and job opportunities.

2. Urges establishment of a direct lending program by the federal government to provide mortgages at reasonable interest rates for middle-income housing, as well as expansion of government programs for low- and moderate-income housing, which have been curbed in the past two years.

3. Calls on the Congress to establish a fair and equitable means of raising the required volume of federal revenue to meet the government's obligations for maintaining its operations and expanding essential programs.

Elimination of the major loopholes in the federal tax structure and adoption of an excess profits tax can raise as much as $30 billion of additional revenue. Proposals for further tax cuts for business, which Administration and big business spokesmen are advocating, should be rejected.

The average taxpayer will be able to obtain a genuine tax break when everyone pays his fair share of the federal tax burden.

4. Reiterates our request to the Congress to enact government controls on exports of agricultural and other products in short domestic supply—to be maintained until shortages are ended and inflationary pressures on the prices of such products subside.

Effective government regulation of the commodity exchanges, including margin requirements, is needed to curb price-boosting excessive speculation and profiteering.

The government should rebuild America's stockpile reserves of agricultural products and raw materials, which have been depleted in the past two years. The re-establishment of such reserves to adequate levels as rapidly as feasible is necessary to serve as a price-stabilizing factor, as well as for national security and to help meet domestic or foreign emergencies such as floods, shortages or famines.

5. Urges the Congress to appropriate the funds needed for a large-scale public service employment program. Substantial federal grants to the states and local governments are required to create jobs for the unemployed and provide unmet public services.

6. Calls on the Congress to enact a special program of federal grants to states, local governments and federal agencies to accelerate short-term public works construction and repairs in areas of high unemployment.

Mr. Chairman, there is a great deal more to be said about the grave state of the American economy, but I have confined this testimony to those areas where, in labor's view, the greatest dangers lie. These are the areas that we believe most urgently require the immediate attention of this committee and the Congress.

For five years, the economy has been given heavy doses of the wrong medicine. The resulting imbalances and inequities cannot be allowed to continue very much longer.

We in organized labor have great faith in the strength and resiliency of this nation and its institutions, including its economy. But the time has come to return to a sane, humane system of national priorities and to make the policy changes that are necessary to restore the national economy to health.

American workers and the American people are in deep economic trouble, and they are looking to this Congress and President Ford for relief. That relief must come soon, if we are to escape economic chaos.

BUSINESS WEEK SAYS "MONEY IS TOO TIGHT"

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent to insert in the RECORD an editorial from the August 1974 issue of Business Week, entitled, "Money Is Too Tight."

The editorial follows:

MONEY IS TOO TIGHT

Last week's hearings before the Joint Economic Committee of Congress put into sharp focus the great economic question that now faces the nation: Can the U.S. slow down its roaring inflation without pitching the country into a major recession? The answer that emerges from the testimony of Administration policymakers and their critics is: Not if the Federal Reserve keeps driving up interest rates without regard to the effect on prices, production, and investment.

Interest rates have reached the point where they are themselves an important contributor to cost increases. Beyond that, shrinking liquidity and a year-long period of no growth in the economy are warning signals that the Fed is not supplying enough credit to enable the economy to use its resources efficiently.

A sluggish economy generates inflationary forces of its own. In the second quarter of 1974, productivity in the private sector was 2% less than a year ago. Compensation per man-hour was up 8.5%, unit labor costs up 19.8%. This trend will continue unless the economy is allowed to grow. Meanwhile, high interest rates have paralyzed the housing industry, and there already are indications of cuts in capital spending in areas where expansion and cost-cutting investment are badly needed.

The Fed is acting as though it were the only agency in the nation with the courage to fight inflation. But it is no longer fighting alone. The Administration is making a serious effort to sweat the federal budget down toward the level of balance. And Congress has finally reformed its own budget-making procedure to put a check on deficit spending. There is reason to hope that from here on fiscal policy will be designed to slow inflation rather than feed it.

It is time for the Federal Reserve to stop playing Horatius at the bridge and let others share the burden of stopping inflation. It should move from excessive restraint to moderation and let the economy breathe again.

THE WILY WIZARD MUST BE CAUGHT

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. SYMMS. Mr. Speaker, there still remains in this country many vigorous defenders of constitutional and individual freedom. One of the most respected and widely read is Leonard E. Read, president of the Foundation for Economic Education at Irvington-on-Hudson, N.Y. My friend and teacher, Mr. Read, has recently completed an essay on the roots of expansion of authoritarian activities in our Government.

I would like to share this excellent article with my colleagues:

THE WILY WIZARD MUST BE CAUGHT

Who is the "wily wizard" that must be caught? His name is legion, and millions are under his charm. He is, as the dictionary puts it, "clever . . . but understood as wise." It's not only the millions who mistake the wizard's cleverness for wisdom; he believes himself to be wise! Who is he? Unfortunately, there are countless thousands of these wily wizards—charming us into socialism.

First, let us clearly identify this socialism or communism or fascism—call authoritarianism what you will:

Socialism is the state ownership or control of the *means* of production (the planned economy) and/or the state ownership or control of the *results* of production (the welfare state).

Bear in mind that ownership and control amount to the same thing. One really owns whatever he controls, and he controls what he owns. The things a person does not control are not his own!

So, who are the wizards? Who dreams up and imposes wage, price, production, and exchange controls, sets the hours and terms of labor, introduces social security, medicare, food stamps, and countless other phases of the planned economy and the welfare state?

At this point let me challenge a widely held notion. Our plunge into socialism is *not* because of a conspiracy on the part of Russian communists! Those folks on the other side of the Iron Curtain have very little to do with our plight. The real motivators of socialism in America are the wily wizards in our own population. The first question is: How can they be identified? And, next, how can they be caught? These are the questions I shall attempt to answer.

What is the characteristic that earmarks an individual as a wily wizard? It is mankind's most destructive affliction: the little-god syndrome, the utterly nonsensical notion that some philosopher king could, if given the coercive power to do so, run your life and mine better than we can. Unaware of how low he is on the scale of infinite intelligence, he would dictate even our aspirations. He would direct what we think, drink, eat, where we should work and for how much, what and with whom we must exchange, the purposes for which the fruits of our labor are to be spent, what we may or may not buy; in a word, we are to be carbon copies or duplicates of a self-styled god. He and his tribe are the real authors of socialism in America!

It is easily demonstrable that no single person on earth knows how to make a simple wooden lead pencil.[1] How preposterous for any person to believe he can make another individual in his image, let alone 220 million human beings!

Those who have not reflected on this matter are likely to think that no such wily wizards exist, that my contentions are farfetched. Well, they are not. The wily wizards range from so-called economists and political scientists to political officeholders. They are to be found among educators, clergy, labor officials, and businessmen. And, unless we have stayed away from the polls, the chances are that all of us have voted for many office seekers who are afflicted with wizardry, more or less.

Example: We do not know what is good for us, but the wizard does. For instance, should we drive our old car rather than buy a new one? How does the wizard propose to decide for us? Place a heavy tax on new cars, thus reducing the demand, the enlarged tax making it possible for the government to do more and more things for us that we are unable to do for ourselves. Freedom of choice would be denied to everyone except the wizard.

Is this a conjured-up example? No, it is real, just one of thousands of schemes to run our lives. While all are of the same coercive pattern, no two are any more identical than are the ideas and preferences of any of the rest of us. This example, however, serves to expose the fallacy of all such coercive schemes.

Let us assume that all of the wily wizards had had their varying dictatorial ways, say since 1865. There would be no telephones or power and light or dishwashers or tissue papers or airplanes or thousands of other conveniences. Indeed, there would be no automobiles for them to regulate or control or tax. Why this claim?

Coercion is not a creative force. No idea, discovery, invention, insight, intuitive flash, ever issued from an edict, however well-intended. Creativity is exclusively the outpouring of human energy not in bondage, of men when free to think, to dream, to imagine, to explore the limitless not-yet. Coercion can only inhibit and penalize—nothing more! Testimony? The American experience which witnessed the greatest outburst of creative energy in all history. Why? Human freedom in greater measure than ever before!

What would the wily wizard think were I to turn the tables, that is, accept his "reasoning" and impose it on him?

To repeat, he insists that our priorities are distorted and that, among other things, we should drive old rather than new automobiles, that he knows better than we what our goals and priorities should be. He does not like our penchant for new cars. To achieve his aim, he would tax new cars off the market. Further, the increased revenue would permit government to do for us what we are "unable" to do for ourselves.

Very well! Suppose I do not favor the wily wizard. To get my way, I shall use his method: tax his livelihood to the point of starvation. Life is impossible without livelihood. I would be rid of him as he would be rid of new cars. I'll wager he wouldn't buy his own wizardry when turned on him any more than I buy his when turned on me. What would I have government do with the increased revenue? Let it do for him that which he, starved to death, would be unable to do for himself! What could government do to better his plight in his situation? No more than it can do for me in my situation!

I agree with Dryden—the wily wizard must be caught. But how? Would I really try to get rid of him as he would rid us of new cars? Of course not; no freedom devotee would ever resort to any such primitive means of attaining his ends. As Ortega phrases it, "Lucifer is the patron saint of mere negativistic revolt . . . even though we freely admit that most of the things revolted against deserve to be buried away."

How then should we go about resolving our conflicting and varying value judgments, admittedly at sixes and sevens? No two of us have precisely the same ideas of what ought and ought not to be; indeed, yours and mine are in constant flux; no one except a mummy ever stays put. My answer: dialogue, free and open discussion, you airing your thoughts, I mine. This is the way to emerge in awareness, to gain enlightenment, to discover truth—now and then a glimmer from you, or perhaps from me. *It is this freedom in discourse that assures ascendancy!*

There are two appropriate ways open to freedom devotees—ways that go hand-in-hand. The first is to think through and explain with all the clarity one can command the fallacy of every totalitarian notion that rears its ugly head, those notions put forth by the wily wizards. I have yet to hear or read one of these notions that cannot be laid bare. Does this mean that you and I must go it alone? No, we can and should help each other in this respect.[4]

The second way presents the real challenge, namely making the case for the free market, private ownership, limited government way of life, along with its moral and spiritual antecedents, far and away better than anyone has yet done. My confession and contention: No one of us, here or elsewhere, past or present, has more than scratched the surface in making the case for freedom. To set the stage for my concluding point, here are a few thoughts by the eminent French philosopher, Alexis de Tocqueville:

"The soil is productive less by reason of its natural fertility than because the people tilling it are free. . . . Some nations have freedom in the blood. . . . Other nations, once they have grown prosperous, lose interest in freedom and let it be snatched from them without lifting a hand to defend it, lest they should endanger thus the comforts that, in fact, they owe to it alone. It is easy to see that what is lacking in such nations is a genuine love of freedom, that loyalty aspirations which (I confess) defies analysis. For it is something one must *feel* and logic has no part in it." [5]

Why did Tocqueville confess that freedom is sustained only by a feeling or love, and that logic has no part in it? Simply this: He, as others of us, failed to make a breakthrough. The generally unrecognized fact? Freedom can be supported by logic just as authoritarianism can be dethroned by logic. Nor will freedom ever reign for long in the absence of logical exposition. Mere feelings are fickle products of the emotions, and have no stability. Feelings are subject no less to inanities heard on every hand than to rare wisdom. Feelings come and go with the winds that blow.

The challenge? It is for a few—assured if many try—to achieve a logical explanation of

[1] See my "I Pencil." Copy on request.

[4] See *Cliches of Socialism*, 76 attempts to be of help to others. The Foundation for Economic Education, Inc., Irvington-on-Hudson, New York.

[5] See *The Old Regime and the French Revolution* by Alexis de Tocqueville, (Garden City, N.Y.: Doubleday & Company, Inc. 1955) p. 169.

freedom and its wondrous powers for what is good, right, creative—difficult and seemingly impossible as it is. As I see it, such an attainment is a necessary step in the Cosmic Plan; it is our privileged role in the evolution of man, in the emergence of self. The more we emerge or evolve, the greater will be the intellectual demands upon us. This is as it should be. And look upon this challenge not as a troublesome chore but rather as a blessed opportunity, a phase of creation.

To cite Ortega again: "The only true revolt is creation—the revolt against nothingness." By revolting against nothingness we attain creativity and the wily wizards are caught; their ways become naught!

PROFESSOR FREUND ANALYZES CONSEQUENCES OF NIXON RESIGNATION

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. DRINAN. Mr. Speaker, President Ford has assured us that "our long national nightmare is over." It remains to be seen, however, what America's political leaders and the American people have learned from the dramatic events of the past few years. In the attached essay from the Boston Globe of August 10, 1974, the distinguished and eminent Paul A. Freund, Carl M. Loeb, professor at the Harvard Law School, assesses the significance of the Nixon resignation for the future of the United States. I commend his incisive observations to all of my colleagues:

THE GREATEST OFFICE: CITIZEN

(By Paul A. Freund)

We have seen—indeed we have shown—that it is possible to bring about a governmental purge without secret trials, without a military coup, by painstaking exposure that at times may have taxed our patience but that in the end produced an informed consensus that was irresistible. And such an ultimate consensus, requiring enormous patience while it is in the making, is the surest guarantee of stability in political life. If due process of law—or what Chief Justice Hughes once referred to approvingly as undue process of law—has its painful aspects, these are the defects of its virtue. No one will doubt this who witnessed the televised proceedings of the House Judiciary Committee.

THE PRESIDENCY

After the purge, what follows? So far as concerns the office of the Presidency, forecasts for the near future are not too hazardous. The lessons of the immediate past are too plain to be ignored. It is when we essay to predict the effects of that past upon the deeper currents in our society that we have to confess to a murkiness of vision. On this deeper level of changing values, only a reckless prophet would venture to predict the future; on this level, historians themselves have difficulty enough postdicting the past.

Every President has his distinctive style, the method of operation most congenial to his temperament and consonant with his experience. That is why blueprints for the management of the office cannot capture the essential reality, at a given time, of the chief executive's role. And yet the teachings of the travail of the past two years will surely not be lost on Presidents for some time to come.

Congenial or not, greater openness is bound to characterize the office. Isolationism is no less fatal as a policy of presidential conduct than it is in foreign affairs. One of the more disquieting disclosures of recent days, having nothing to do with Watergate, was the statement of the recently discharged director of the Office of Economic Opportunity, who was fired because, as it was put in a letter from General Haig, he no longer had the confidence of the President in what was necessarily a confidential relationship. In the entire year during which he held the office, the director said, he had never met the President.

I thought, in contrast, of the eagerness with which Franklin Roosevelt sought out individuals of widely differing views for face-to-face discussions. I recall, in looking through the Roosevelt papers at Hyde Park, a note from F.D.R. to his appointments secretary, reading "I understand that Harold Laski (the British Labor Party publicist and political scientist) is in town. I want to have lunch with him one day next week. Please arrange." On one notable occasion Roosevelt departed from his practice of wide consultation, and he paid dearly for the lapse. After his landslide victory in 1936 he developed his ill-fated court-packing plan in utmost secrecy, consulting only his Attorney General.

The Presidency is a great educational institution, in a double sense. It is a formidable educational experience for a President, and in turn he is, for good or ill, a great educator of the people. Thus, the openness of the office has a twofold aspect: The open door, and the open book. As Roosevelt was hospitable to people and ideas, he made himself accountable and persuasive through his press conferences and fireside chats. Of course the open book must include sealed passages: contingency planning and judgments not yet formed were protected by the juanty parrying of "iffy" questions. Not every President need be as self-confident and zestful in his personal relations as was F.D.R. Humility can be a powerfully winning trait. But there is a difference between the humility that attracts others and the insecurity that alienates oneself.

If a President were to follow a policy of the open door and the open book to the hilt, he would very probably lack the time and serenity necessary for reflection and judgment. He must have lieutenants who can share the burdens and opportunities of communication. These would be men and women of stature, with experience in public life, who could serve particularly as liaison officers with Congress and its committees. But they would not be public reltations specialists. Each would have an assigned substantive field broader than that of a single Cabinet member. Free of departmental administrative responsibility, these assistants could interpret executive policy to the Congress and convey congressional concerns to the President. They would not be wrapped in a cloak of executive privilege or anonymity; on the contrary, they would be individuals of high visibility commensurate with their responsibilities. As a symbol of their relationship to the Congress, their appointment by the President might be made subject to confirmation by the Senate.

Whatever the style and the institutional arrangements of a future President, the office is not likely to diminish in its preeminence. The dynamics of our governmental processes and the demands of world affairs will assure the dominance of the Presidency. In some respects, to be sure, Congress has acted to restore a better balance in the system. The War Powers Act requires the President to secure congressional approval within 90 days after he has committed American troops to armed hostilities abroad. The recent Budget Act sets up a mechanism within Congress for the supervision and control of aggregate expenditures, and limits the President's authority to impound appropriated funds. These are important measures, long overdue, but they hardly fetter and the central powers of the presidential office and they surely do not displace the need for presidential leadership.

Has our recent painful experience demonstrated a need for a constitutional amendment that would simplify and expedite the process of removing a President from office? Some observers, fretting over the immense amount of time and effort spent on the impeachment proceedings, have looked enviously at the parliamentary system, where a mere vote of no confidence dissolves the government in power and forces a special election.

There are, however, a number of objections to importing the British practice. A prime minister does not occupy the same position, either symbolically or actually, as our President, who is more than a first minister, in fact the head of state as well as of government. Moreover, presidential leadership would be threatened by a too easy means of removal. The stability of our government would be jeopardized more severely than theirs, since a prime minister can count on party discipline and on his role as leader of the dominant parliamentary party, while a President could be at the hazard of an unfriendly majority in Congress. Also, a special election means that every member of the House of Commons will have to stand for re-election, while no similar political check has been suggested for members of Congress. It is dangerous to draw one thread from a complex pattern of government and undertake to insert it in a very different pattern.

Impeachment is indeed a protracted process, but that is not a bad attribute for the use of an ultimate weapon. It remains a credible threat, and, as we have witnessed, it can be effective without pursuing it to the very end.

THE NATION

The constitutional crisis has been weathered. The institutions and procedures established by the Constitution have worked, and worked magnificently: a free press, an independent judiciary, the impeachment process, the succession to the Presidency provided in 1967 by the Twenty-fifth Amendment.

What is more problematic, and in the long run more basic, is whether a moral crisis of America as a people has been recognized and surmounted. For the events of Watergate reflect, in caricature to be sure, some of the strains in the national character. We have accepted manipulation as a way of life; we have acquiesced in secrecy when there should have been disclosure; and we have tolerated intrusions into the affairs of individuals when there should have been respect for privacy. All of this moral flabbiness has been magnified on the highest levels of public life. To see it revealed there is like being jolted at the reflection of oneself in a convex mirror at a carnival—an image distorted and grotesque, but recognizable nonetheless.

We have come to accept ourselves as the objects of manipulation instead of the subjects of persuasion, whether in advertising or in politics. In political contests the arduousness of the Lincoln-Douglas debates is replaced by the relaxation of the TV spot commercial and the billboard. The labor and talent go into the medium, which in a bleak sense becomes the message.

The behavioral sciences have joined forces with the physical sciences to enable us to send response-conditioning messages without the inconvenience of passing them through the mind. One is reminded of the citation for an honorary degree conferred by President Eliot of Harvard on Prof. Morton Wheeler: "Distinguished entomologist, who has shown that in the world of insects, too, organized societies can be maintained without the use of reason." Insects, at least, are conditioned by innate instincts, not by the calculated ministrations of their fellows.

If three expressions could be expunged from the language, my candidates would be "stroking," "game plan," and "scenario."

For 40 years we have been living in a psychology of crisis, real or supposed, and so it is understandable that we have come to accept both secrecy and invasions of privacy as a normal order of things. The paradox of "Measure for Measure" is upon us: "There is scarce truth enough alive to make societies secure, but security enough to make fellowships accursed. Much upon this riddle runs the wisdom of the world."

The symbolism is there for everyone to see, in the construction of the new FBI building in Washington, which overshadows and seems to overwhelm the Department of Justice building standing opposite. Wiretapping aroused the press, to be sure, when it was revealed that some of its own members were the victims; nothing so concentrates the mind as the goring of one's own ox. What has been lacking is the power to feel imaginatively what we perceive intellectually, the power to imagine that which we know. Justice Holmes told of a friend who imposed a set of fines on his servant for particular shortcomings: "For want of imagination, five dollars." Since that time costs have gone up appreciably.

Rarely have encomiums been so lavished on the Constitution as in recent weeks, especially during the televised proceedings of the House Judiciary Committee. It remains to be seen how deep and enduring will be this recommitment to the traditions of reason, courage, and justice which animate our national charter. The quality of our government, of our public life, will reflect the attitudes, the culture, of the nation at large. We have experienced an orderly, if painful, transition in our highest public office. More important will be the question whether we will be moved by the whole experience to a clearer appreciation of the values we profess, and a more active insistence upon them in public and private relationships. For it remains true that in a democrary the most important office is that of citizen.

FRENZEL LISTS MEMBERSHIPS

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. FRENZEL. Mr. Speaker, today I am entering into the RECORD the board memberships which I now hold.

As previously indicated, I hold membership on no business boards. I have tried to confine my current memberships to projects whose work does not conflict with my congressional duties. Of the boards listed, three are congressional advisory boards for youth groups, two might be described as medical and humanitarian; and three are research or study groups.

The list follows:

1. Distributive Education Clubs of America (Chairman, Congressional Advisory Board).
2. Washington Workshops (Congressional Advisory Board).
3. Close Up (Congressional Advisory Board).
4. National Cystic Fibrosis Research Foundation (Honorary Trustee).
5. Project Concern (Director).
6. Public Services Options (Honorary Board Member).
7. Center for New Democratic Process (Advisory Council).
8. Bicentennial Forum: Boston Examines the American Experiment (Program Advisory Committee).

IRS SHOULD NOT BE POLITICAL ARM OF THE WHITE HOUSE

HON. JERRY LITTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. LITTON. Mr. Speaker, the traumatic events surrounding the impeachment issue soon will be history. While politicians, political scientists, press, and the public will be discussing the pros and cons of this matter for years to come, what we as responsible Representatives must now do is to take positive steps to see that what has happened does not happen again.

This body must clearly illustrate to the citizens of this Nation that their elected Representatives will, by their actions and not just their words, act to remove the abuses of the Watergate era and restore integrity to government.

Changes in campaign spending laws will go a long way toward eliminating some of the practices used by the Committee to Re-Elect the President which eventually led to the so-called Watergate affair. While this aspect of the Watergate affair bothered many, the attempts by the White House to make the Internal Revenue Service the political arm of the executive branch was equally offensive, if not more so, to many others. We must respond to this abuse in the form of legislative initiatives to assure that the Internal Revenue Service remains at arms length from whoever occupies the White House.

In this regard, it is my understanding that in the next few days, the Treasury Department will provide to the Congress a legislative proposal governing disclosure and inspection of tax returns to tighten safeguards of taxpayer privacy. In advance of this action, I commend the distinguished Commissioner of the Internal Revenue Service, Mr. Donald C. Alexander, for his determination to see that the integrity of the IRS is restored and maintained. However, since this proposal—as is the case of all agency-initiated proposals—has had to undergo the process of compromise in responding to the needs of various interested executive branch agencies, who possibly find it in their best interests to see present practices continued, I must state my candid apprehension as to its possible shortcomings.

In all my years as a private citizen and now as an elected Representative, seldom have I seen a situation where individuals readily give up the powers they possess. This is especially true of our Federal bureaucracy, and I would be both amazed and delighted to see any change in this human condition. My fear is, and there is ample evidence to substantiate it, that rather than give up access to tax data, agencies instead would like to broaden their access. It is for this reason that Congress must thoroughly review this issue and seek legislation which will genuinely insure against any further victimizing of the American taxpayer.

Nothing has meant more to me, save my family and God, than the vow I made to the citizens of my district and this Nation to uphold the Constitution and the personal liberties this document guarantees. High among the basic rights detailed is the right of citizens to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures.

Ever since I have been sworn in, I have been trying to get legislation passed which would accomplish this purpose and block bureaucratic schemes which would lay bare tax information of our citizens. At first I introduced a bill which would stop an Executive order issued by President Nixon to open up the tax returns of 3 million farmers to the Department of Agriculture. Over 100 Members of Congress, representing both rural and urban constituencies, cosponsored this bill with me. With their help and the help of other interested Members, the diligent and unrelenting investigation of House Subcommittee on Foreign Operations and Government Information chaired by Congressman BILL MOORHEAD, the support of President Ford in his capacity as Chairman of the Domestic Council Committee on Privacy, and the continued concern of a first-rate journalist, Mr. Alan Emory, we were successful in seeing this Executive order rescinded.

I urged then that legislation was needed which would alter current treatment of returns, guaranteeing that your tax return and mine were private and confidential, unless otherwise specified in the law, instead of public record, unless otherwise specified in the law, as is now the case. In October of 1973, I introduced a bill which would accomplish this purpose.

Quick enactment of my bill, coming on top of earlier successful efforts to prevent abuse of confidential information filed by classes of American taxpayers, will make unmistakably clear that the Congress is opposed to "Big Brother" tactics and is in favor of citizens' rights to privacy.

Testifying before a Senate Judiciary Subcommittee 2 weeks ago, Wednesday, July 31, Commissioner of the Internal Revenue Service Donald C. Alexander urged the Congress to tighten the laws permitting access to income tax returns stating that existing statutes, which in fact permit access, are weak and inadequate.

Sworn statements have been provided by ex-Commissioner Randolph W. Thrower and his successor, ex-Commissioner Johnnie M. Walters that, indeed, members of President Nixon's administration had attempted, and in some cases succeeded, to politicize this Government agency.

Further evidence of this abuse of the IRS is amply demonstrated by review of Presidential tape recordings. For example, in a House Judiciary Committee transcript of a March 13, 1973, Presidential tape recording, the President asked John Dean whether he needed "any IRS stuff" and Dean responded by stating:

> There is no need at this hour for anything from IRS, and we have a couple of sources over there that I can go to. I don't have to fool around with Johnnie Walters or anybody—we can get right in and get what we need.

My bill, H.R. 10977, provides firm criteria for the inspection and review of returns, and limits this inspection to tax administration or law enforcement purposes. It specifically details methodology of inspection, and contains provisions for limited inspection of returns by which both the legislative and executive branches can adequately fulfill their constitutional obligations of appointment and review to high government posts.

Current attempts to politicize the IRS are nothing new. This is a bipartisan issue because both Democratic and Republican administrations have suffered from individuals who could not resist the temptation to use the vast, confidential data stored by the Internal Revenue Service, or to obtain favors for political friends or harassment of political enemies. In the late 1950's, ex-Commissioner Joseph Nunan went to jail for accepting bribes and Assistant Attorney General T. Lamar Caudle was convicted with President Truman's appointment secretary, Matthew Connelly. As a result of this scandal, scores of other IRS officials, including the Assistant Revenue Commissioner and Chief Counsel, resigned under fire.

Confidence in our Government and those who govern is near an alltime low. Neither the actions of Richard Nixon nor J. Q. Congressman are held in very high regard. Confidence in our taxing system, always a trademark of the American system and a virtual American monopoly like so many other matters in the Watergate era, is on the wane.

The way to improve the image of Congress with the American people and to restore confidence in both the Government and those who govern is for us to take positive steps to see that what has just happened does not happen again. Seeing to it that the most confidential of records, tax returns, remain confidential would be a big step in the right direction.

RESTORING CONFIDENCE WITH DIXY

HON. LAMAR BAKER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BAKER. Mr. Speaker, Dixy Lee Ray, Chairman of the Atomic Energy Commission, recently addressed the 16th annual Public Relations Society of America Institute at the University of Maryland. Richard D. Smyser, editor of the Oak Ridger of Oak Ridge, Tenn., also spoke at the same institute, the theme of which was "The Restoration of Confidence in American Institutions." Dixy Lee Ray accepted the responsibility of restoring confidence in science and technology. We have Richard Smyser to thank for reporting on Dixy Lee Ray's unique approach to making science and technology understandable to more people. I recommend his "Editor's License" editorial which appeared in the July 26 issue of the Oak Ridger. It carries some golden nuggets of thought for all of us. The editorial follows:

RESTORING CONFIDENCE WITH DIXY

Two weeks ago I followed Dixy Lee Ray. It was at the 16th Annual Public Relations Society of America Institute at University of Maryland. She spoke on a Wednesday afternoon. I followed on a Thursday morning. Former Supreme Court Justice Tom C. Clark was on in between.

So much of science, Chairman Ray said, is "outside the realm of human experience." That's why the public has trouble understanding science.

There needs to be more science study for those who have no intention of going into science, she said. I thought of the College of Oak Ridge, a liberal arts college with a strong emphasis on science, we had hoped.

The Atomic Energy Commission, she thinks, brought a lot of its credibility troubles on itself. For too long the AEC went around saying, "Trust us. Don't ask a lot of questions. We know what we're doing."

At the same time, she sees nuclear power advocates as sort of latter day Prometheans. It was because Prometheus stole fire from the gods that he was punished so severely.

The discovery of nuclear energy is something of a modern equivalent of Prometheus' feat. And AEC people, she said, often feel punished.

Chairman Ray dislikes scientific jargon. She practices what she preaches. She gives perspective to the evolution of mankind with this example, based on the assumption that the Earth is four and a half billion years old and its time has been compressed into a year:

Jan. 1—Earth is formed.
May—The first single living cell evolves.
Nov. 12—Dinosaurs.
Dec. 26—Mammals.
Dec. 31–10:30 p.m.—First mammal stands on his hind legs.
Dec. 31–11:55 p.m.—The pyramids.
Dec. 31—11:55:57—Columbus.
Jan. 1–12:00:01—The industrial revolution.

More than three-quarters of the creatures of this earth were extinct before man evolved, she says. How or why, who knows?

If it hadn't been for the industrial revolution, man might be extinct today.

She looks around the room. She points to the aluminum frames on the chairs, the synthetic materials in the drapes and carpeting. None of these would have been there 50 years ago.

During the questions and answers she is asked again about nuclear power—its dangers. Plutonium is mentioned.

Plutonium, she agrees, is nothing to fool around with, but she questions whether it is, as many have called it, the most dangerous substance ever.

She conjures two glasses on the speaker's rostrum. One is water with common garden oleander. The other is water with plutonium. Which, if she had to make a choice, would she drink? The plutonium by all means. The oleander would be absorbed and would kill. Plutonium, she said, is dangerous only when it gets into the lungs. It would most likely just go straight through.

One of Chairman Ray's recurring themes is an emphasis on the inevitability of risks. Stress, she suggests, is not just inevitable, but desirable. Throughout nature, it is the organisms that have undergone stress that are most healthy.

She is convincing.

So is former Justice Clark as he exudes faith in the basic goodness of young people if they are only given a chance.

When he was attorney general, he decided he wanted to do some direct personal work in prisoner rehabilitation. He chose a school for delinquent boys in Washington. He announced that he would be there each Saturday and would talk to any youngster who had something to say. On his first call, three showed. But, after conversations, he put two of those three on parole.

"The next weekend I had to stay over Sunday," he recalled with a chuckle.

Justice Clark seriously doubts that prisons solve problems. He thinks also that it might be better for panels of criminologists to decide on sentences for those convicted.

Theme of the institute was: "The Restoration of Confidence In American Institutions." Dixy Lee was restoring confidence in science and technology. Justice Clark was restoring confidence in the courts. (My role was to restore confidence in the media.)

Summing up, the chairman of the sessions, Ray E. Hiebert, director of the University of Maryland college of communications, spoke of three simple themes which ran through the message of each speaker:

1. Work within existing institutions;
2. Involve the people—take people into confidence;
3. Tell the truth.

I almost shouted "Amen!"

PRESERVING THE PAST

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. WALSH. Mr. Speaker, all too often in this country's great rush toward progress and prosperity, we forget and ignore the values and lessons from the past.

However, there are those among us who are mindful of what can be learned from history and who are dedicated to the preservation of the physical landmarks of the past.

One such person, a resident of my congressional district, recently received national recognition for his role in an historical restoration project in the Finger Lakes city of Geneva, N.Y.

H. Merrill Roenke, Jr. was honored by the National Trust for Historic Preservation for his work on Rose Hill. An article in the May 5, 1974, edition of the Washington Post talked of the honor:

PRESERVATION: AWARDS FOR PAST VICTORIES

(By Sarah Booth Conroy)

In the brick-paved atrium of Decatur House (itself a 19th-century building saved from ruin by a determined and wealthy woman), the National Trust for Historic Preservation on Tuesday will pay tribute to people from across the United States who have stubbornly refused to have their past paved over to make parking lots.

Most of those who will be honored, with awards presented by Mrs. Lyndon Johnson, are the winners of fights long since ended. The names of the buildings they have saved or the preservation problems they have overcome, though, are still well known.

It is perhaps a measure of the slow progress of preservation that the National Trust is just now getting around to honoring these successes of past years with citations for "significant achievements in historic preservation."

Among the honorees:

H. Merrill Roenke, Jr. for restoring Rose Hill east of Geneva, N.Y. and the Geneva Historical District.

Rose Hill is generally admitted to be one of the best of the Greek revival houses. The white Ionic columned building was finished just in time for a visit on Sept. 9, 1839, from President Martin Van Buren to its owner, Martin Kerley Strong, a retired New York City wool broker.

Alice Winchester, retired editor of "Antique" magazine, said, "When I first saw Rose

Hill a dozen years ago, it was fast becoming a beautiful ruin and there seemed little hope of its rehabilitation. Last spring I saw it again, fully restored, furnished, landscaped—an impressive and gratifying sight. The work was done with the knowledge and conscience and at considerable expense: Mr. Roenke, I understand, was the prime mover in the enterprise, raising money, supervising the restoration, and actually participating . . ."

David Brumberg, director of the Geneva Historical Society, said of Roenke, a merchant by profession, "he is both pillar and post" to the society.

Since 1969, Rose Hill has been open to the public from May through October.

Mr. Roenke's contributions to the preservation of history were further chronicled in an article in the May 8, 1974, edition of the Geneva Times. That article follows:

ROENKE HELPS PRESERVE HISTORY

(By Stella Cecere)

H. Merrill Roenke Jr. of Geneva, chairman of the Rose Hill Restoration Committee, was among eight national winners receiving special awards Tuesday from the National Trust for Historic Preservation.

In recognition of his contribution to Rose Hill Mansion on Rt. 96A, Roenke received the award from Mrs. Lyndon Johnson in ceremonies in Washington, D.C.

As the nation's oldest historic preservation organization, the Trust's yearly award program recognizes "those individuals who have demonstrated significant achievements in local—and or regional preservation." In view of this, Geneva Historical Society Director G. David Brumberg commented that "The award to Mr. Roenke brings honor not only to him personally, but also to the society and to the entire Geneva community."

Brumberg said Roenke was the "driving force" behind the Rose Hill restoration project. He explained that through the generosity of benefactor Waldo Hutchins, work on the mansion was begun in 1966 "and major decisions on how the 1839 Greek Revival mansion was to be restored and furnished were made by Roenke."

Opened last week for its fifth season, Rose Hill today stands as a major attraction in the Finger Lakes region and is regarded as a significant contribution to the architectural legacy of the nation.

Director Brumberg noted, however, that Roenke would be the first to point out the important role played by many other Genevans in the Rose Hill restoration, "including the contractor, the craftsmen, and all those who gave furniture, china and paintings." But it was the intention of Mr. Hutchins, Bromberg said, to involve the community in the interior decoration of Rose Hill. It worked, and the mansion's furnishings represent contributions from over 200 individual donors in this area.

Roenke's citation noted personal contributions far beyond the confines of Rose Hill. He is a past board member and two-term president of the historical society. He served as chairman of Geneva's Historic Fund Committee whose activities were made possible through an anonymous gift. In this capacity, Roenke played a central role in administering the establishment of the local historic district.

Accomplishments here included the saving of an 1815 home (Ludlow House) threatened by demolition and moving it to another site, the purchasing and restoration of two historic row houses endangered by a high rise and the restoration of a porch on the historic Blackwell House at Hobart College.

In addition to local involvement, Roenke has served as consultant to the Steuben County Planning Board (1970) and has spoken before historical societies in Canandaigua, Gorham, Pultneyville and Warwick.

He is a former city councilman and is on the boards of the Geneva Savings Bank, the YMCA, the Rotary Club, and the Ontario County Historical Society. He serves on the advisory board of the Salvation Army and is a vestryman of St. Peter's Church.

A partner in J. W. Smith's dry goods store, Roenke also teaches courses in antiques and rush-and-cane seat weaving in adult education programs at Geneva High School. He and his wife, Marion Guess Roenke, live at 91 St. Clair St.

Rose Hill Mansion opened its fifth season May 1. Coinciding with the observance of National Historic Preservation Week, the traditional Candlelight Open House will take place Sunday from 7:30–9:30 p.m. The public is invited by this ceremony at no charge. Daily hours at Rose Hill are Monday through Saturday from 10 a.m. to 4 p.m. and Sunday from 1–4 p.m.

PAUL S. TAYLOR—OUTSTANDING SCHOLAR, CONSERVATIONIST, AMERICAN

HON. JEROME R. WALDIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. WALDIE. Mr. Speaker, in the past few years of service in the House of Representatives, I have had the pleasure of meeting many great men who have given me assistance in gathering important data and advice on the vital issues of the day.

When I needed expert consultation on water reclamation law and policy, Mr. Speaker, I have always turned to Dr. Paul S. Taylor—very likely the most learned authority on this issue in the Nation.

Paul Taylor is presently professor emeritus of economics at the University of California, Berkeley. He formerly served as chairman of the university's departments of economics and international studies.

He has been a member of the University of California faculty since 1922 and has also devoted time and his massive energies to a truly extraordinary number of commissions, governmental agencies, and humanitarian causes.

He is author of several noted books, including the much-honored "American Exodus: A Study in Human Erosion" which he coauthored with his late wife, the great American photographer, Dorothea Lange.

Mr. Speaker, it is my privilege and high honor to place in the CONGRESSIONAL RECORD Professor Taylor's most recent published work, an article in a recent Sierra Club bulletin, "Reclamation and Exploitation," a most incisive look at the 160-acre limitation and reclamation law.

This is an important article, Mr. Speaker, and I hope that the Members of the House study it carefully:

RECLAMATION AND EXPLOITATION

(By Paul S. Taylor)

Ever hear of reclamation law's 160-acre limitation on water deliveries to irrigators? Have you been told that this is "petty political tyranny," inefficient and uneconomic? That because of it the housewife pays more for food in the market? That it is an outmoded myth from bygone times? That it should be eliminated, as the Public Land Law Review Commission, under former Congressman WAYNE ASPINALL, recommended? (More recently, Senator Lee Metcalf of Montana called this body the "National Watered-Down Commission" because the Nixon Administration replaced members friendly to "the 160.")

Or have you heard that the 160 is a true conservation instrument, essential if properly used, for achieving a decent environment, even for preserving a decent rural society from self-destruction? Ever hear that in Imperial Valley, where the law goes unenforced, almost nine out of ten farm workers (87.3 percent) belong to the economic lower class, compared to, say, Iowa, just outside the reclamation belt, where the proportion is less than one in seven (13.6 percent)? Ever hear that the Sierra Club, joined by Friends of the Earth, National Wildlife Federation, and other civic and labor organizations, sees opportunity for using the 160 to check reclamation's current diseconomies, and through public planning to preserve open spaces and a decent physical and social environment?

Each generation defines "conservation" for itself. Today we are witnessing a great revival of public concern for conservation, and an expanding definition of its meaning. The word itself entered popular usage in the early 20th century, but action came earlier. Preservation of rare and scenic sites came first, notably Yellowstone Park. At that time, when men talked of water they spoke of "reclamation"—"irrigation" if too little, or "flood control" if too much. Only later was the word "conservation" used to cover alike preservation of sites and proper use of resources. Today, "environment" and "ecology" are added to "conservation," and Secretary of the Interior Rogers C. B. Morton reminds us that the meaning of environment "must include man himself." In so doing he opens doors and raises more questions than his department answers.

By whatever name you call it, national reclamation policy is a conservation perennial. It could not be otherwise. It seeks to govern the use and misuse of natural resources—millions of irrigated acres of land, more millions of acre-feet of water, and billions of public dollars to store the water and—at a right time and place—to move it to thirsty land. Who decides how much water is to be taken from where, and moved to where? Who pays? Who benefits?

The search for answers began in 1902, when Congress enacted the Reclamation Law. Particular attention was given to the last question; who benefits? Congressman Francis G. Newlands of Nevada explained as the bill was pending that President Theodore Roosevelt had invited members of the House Irrigation Committee of both parties to the White House for consultation. Personally familiar with the extent of large private landholdings in the West, Roosevelt, in Newland's words, ". . . was somewhat in doubt as to whether the bill was sufficiently guarded in the interest of homeseekers. . . . We all wanted to preserve that domain in small tracts for actual settlers. . . . We all wanted to prevent monopoly and concentration of ownership, and the result was that certain changes were made absolutely satisfactory both to the Executive and to the Irrigation Committee. . . ." With these changes, he said, the reclamation law would assure "above all, holding that vast [western] area for the unborn generations . . . in your States of the East . . . the Middle West, and . . . the South, to be held as a heritage for the entire people . . . dedicated forever to American home building, the true foundation of the Republic." These concluding words were greeted with "applause" and the bill became law, reciting that "No right to the use of water for land in private ownership shall be sold for a tract exceeding 160 acres to any one landowner, and no such sale shall be made to any landowner unless he be an actual bona fide resident on such land, or occupant thereof residing in the neighborhood. . . ."

Building on this foundation President Roosevelt in 1908 assembled the first Conference of Governors of the States. Natural resources was its subject, and its title was "Conference on Conservation." In the spirit of the Reclamation Act, the Declaration of the Governors states: "We declare our firm conviction that this conservation of our natural resources is a subject of transcendent importance, which should engage unremittingly the attention of the Nation, the States, and the People in earnest cooperation. We agree that the sources of national wealth exist for the benefit of the People, and that monopoly thereof should not be tolerated."

However, neither a governors' declaration nor even a statutory enactment suffices to ensure adherence to principle and law. Only the other day, 71 years after passage of the Reclamation Act, with its prohibition of water monopoly, the *San Francisco Chronicle* appropriately headlined a story on the law with these words: "The Endless Water War of the 160." To anyone familiar with western history this need be no surprise. As long ago as 1877, the "war" was forecast by the *Visalia* (California) *Delta*, and the questions raised: Who pays? and, Who benefits? In words that serve as text for this phase of a century of western history the *Delta* reported: "No one would believe that shrewd, calculating business men would invest their money on the strength of land rising in value while unimproved, for even the farmer himself has to abandon it who endeavors to add to its value without water. At the same time, purchasers are not lacking who would add it to their already extensive dry domain and the people . . . will find themselves confronted by an array of force and talent to secure to capital the ownership of the water as well as of the land, and the people will at last have it to pay for. . . ."

The forecast came true. In 1947, a Bureau of Reclamation economist testified that the subsidy to water users along the Friant-Kern Canal in California's Central Valley was 75 percent or more of the cost of providing the water. In 1957, six California Congressmen estimated that the *unrepaid* federal subsidy to landowners for watering Central Valley Project lands amounted to $577 an acre, or $92,320 for 160 acres, exclusive of flood-control subsidy. On the entire project, irrigation was allocated 63 percent of cost, but irrigators were asked to repay only 17 percent. On western projects generally, recent estimates place the unrepaid subsidy to irrigators at from $400 to $2,000 an acre, varying from project to project. These subsidies tell who pays, and give half the answer to who benefits. Interior Secretary Harold Ickes rounded out the answer in 1945, corroborating the 1877 forecast of the *Visalia Delta*. The drive to avoid application of "the 160" designed to distribute reclamation benefits among "the many" instead of among "the few," he explained, is simply "the age-old battle over who is to cash in on the unearned increment in land values created by a public investment."

That is how sympathetic administrators up to a generation ago described the issue and pointed the direction in which solution lay. They did not say they wanted public planning of the environment in the reclamation belt, but clearly they were unwilling to leave the outcome to self-serving, large landholding interests. Yet no one has described more realistically how decisions have been made than William E. Warne, former Assistant Commissioner of Reclamation. In 1973 he wrote: "Since June 17, 1902, . . . projects have been undertaken where a sufficient number of representatives and senators desired them and when congressmen who wanted the work done were strategically placed on committees in which authorizations were originating in order to get the necessary action." Aside from engineering considerations, that describes past land-use planning only too well.

Five years ago the Sierra Club took a fresh look at the problem and sought ways of doing something about it. To begin with, the law says that in order to receive water, the owners of "excess lands" above 160 acres must agree to sell the excess at the pre-water price, literally "without reference to the proposed construction of the irrigation works. . . ."

The Sierra Club, concerned to preserve the environment, has proposed taking full advantage of this opportunity. It proposed in 1968 the "federal purchase of excess lands. . . with the understanding that lands so purchased would be sold or leased under open space regulations."

The idea caught on Congressman Robert W. Kastenmeier of Wisconsin introduced a Reclamation Lands Authority Bill to fulfill unrealized potentials of the historic 1902 statute that marked the dawn of the national conservation movement. Support came quickly. Identical bills were introduced in the 92nd Congress by six California Congressmen: George Danielson, Ron Dellums, Don Edwards, John McFall, Edward Roybal, and Jerome Waldie. Four Senators did likewise: Birch Bayh, Alan Cranston, Fred Harris, and Philip Hart. The Interior Committees, then chaired by Congressman Wayne Aspinall and Senator Henry M. Jackson, have so far held no hearings on the bill.

Congressman Kastenmeier sees the public stake in his bill in the broadest terms inviting coalition support. Its purposes he described as three-fold: "One, to enact a long overdue, and long recommended, method for enforcing the public interest provisions of reclamation law; two, to finance public education by grants of revenues created from public water development just as grants of 94 million acres of public lands financed public education at an earlier point in our history; and three, to enable the public itself, through a newly established authority, to plan the environment that public water development creates." The proposal has drawn support from other conservation, civic, and labor organizations, including the National Education Association, and awaits hearings.

The bill's potential for preserving rural open space has been estimated at 900,000 acres in California alone, provided "the 160" is fully enforced. It could curb the inroads being made on prime agricultural land by urban sprawl in critical areas, notably in California and Arizona, where the opportunity for conserving agricultural land is confronted by considerable resistance. Enforcement of "the 160" would also discourage large corporate farm combines from continuing to push for further water reclamation projects, which, for the most part, have proven uneconomical for everyone but them. Finally, by encouraging smaller farms, enforcement of "the 160" would give us a better chance to get away from our present dependence on pesticides and inorganic fertilizers, the use of which seems closely tied to large-farm economies.

In 1962, Senator Paul Douglas, of Illinois, threw light on the paralysis of reclamation policy that nominally, but not actually, governs water development in this country. Commenting on the circumvention of reclamation policy on the California Water Project, he told the Congress: "I think we all know the practical difficulties in such a situation as this. The land is owned at present by a relatively small number of persons and corporations, each one of which owns an enormous amount of land. . . . They are organized, powerful . . . do not wish to have their holdings broken up . . . and . . . can marshal tremendous resources in support of their position and against anyone who tries to stand against them. . . . Those who might benefit from the acreage limitation . . . the small farmers who would come into being . . . if the huge holdings were broken up are persons in the future . . . they lack voices and in a sense are unrepresented."

Republican California Congressman Donald L. Jackson spelled out in 1949 what this means on the Salt River in Arizona, a project initiated a half-century ago and on the boards for expansion. "It is true that under reclamation law," he said, "each individual ownership is entitled to 160 acres of irrigated land. However, in the Salt River area alone, which contains more than two-thirds of the proposed Arizona project, there are 995 ownerships in excess of reclamation law. About 32 percent of the irrigable land in this one area is held in excess ownership.

"True, the Bureau of Reclamation says that the 160-acre law will be enforced. . . . But we know that this law has never been enforced there. There is no reason to believe it will be enforced in the future. Rather, there is every reason to believe that it will not be enforced. . . . If the . . . project should be authorized . . . the idle land now held by the big landowner will immediately increase in value six to ten times. If . . . the large landowner should be forced to sell all but 160 acres, he would, of course, sell at tremendous profit."

Opportunity for public environmental planning was likewise circumscribed by bureaucratic circumvention of the law in the Sacramento Valley. In 1964, the *Sacramento Union* reported "an historic compromise" after endless negotiations. The settlement allows excess land owners, by various devices, to "get the water without having to break up their farms. . . . Thus a battle which has been waged since 1944 when Shasta Dam was built, ended." The *Union* forecast this ricochet: "Similar contracts are also being prepared for use in San Luis Project water." As part of the so-called compromise, the Bureau of Reclamation abandoned all attempts to collect repayment for 19 years' use of project water by the Sacramento diverters.

In 1933, a Secretary of the Interior ruled that the excess-land law does not apply to Imperial Valley, California, although the valley is saved from inundation and served in other ways by the Boulder Canyon Project. There, as noted earlier, nearly nine of ten "farm personnel" belong to the "lower class," and 4.4 percent belong to the "upper class." Half of the irrigated lands of the valley are owned in parcels larger than 160 acres. The secretary's executive assistant, a distinguished water attorney, recorded his opinion contrary to the secretary's ruling previous to its issuance, and subsequently testified before Congress that the law simply "has been ignored." Today the issue is before the Ninth Circuit Court of Appeals. It got there, not through the insistence of the Departments of Interior and Justice, but through the persistence of 123 landless Imperial Valley residents alerted and guided by a Brooklyn physician who had come to the valley to practice medicine.

One could go on and on. The devices destructive of public control over water and land monopoly are infinite, and thoroughly exploited. With their success and spread, opportunity for public planning of open space and the environment recedes.

Why is it so hard to obtain enforcement of the reclamation law at the hands of officials who administer it? Why is law observance relegated as a last resort to the courts, with the initiative and the costs of preserving what the law promised them left so largely to farm families and the landless? Can it be that bureaucrats perceive more clearly than others that "the 160" is indeed—as alleged—no more than "petty political tyranny," and inefficient and uneconomic besides? That it is a burden on consumers? That it is an outmoded myth from long ago? And that wisely in the public interest they relax enforcement to a bare gesture? This is the burden of unending public-relations attacks upon national reclamation policy and law. Can it be true? The questions call for specific answer.

Is "the 160" really "petty political tyranny" imposed upon landowners of more than 160 acres? In 1958, the U.S. Supreme Court lis-

tened to argument calling the law formally "a taking of vested property rights both in land and . . . water," and charging that it "discriminate[s] between the nonexcess and the excess landowner." The Court's immediate response was that "We cannot agree. . . . In short, the project is a subsidy, the cost of which will never be recovered in full." The 160-acre law, continued the Court, does not deprive owners of excess lands "of any rights to property or water." In other words, the claim of "petty political tyranny" seeks unsuccessfully to turn the truth bottom-side up.

Does "the 160" render agricultural production inefficient and uneconomical? On September 18, 1971, the *California Farmer* undertook to evaluate the charge that it does. In carefuly chosen words it said: "What happens when irrigation water is introduced into the arid area? Does the 160-acre limitation help or hinder? What does farming become under imposed conditions? Southern Tulare County may not give a final answer, but it is old enough so there is a pattern of farming emerging. . . . Short-term financing has become almost routine. Methods to make agriculture profitable are working. Economies of big production are in evidence. Also, the economies of the small producer are there. Farm planning has been brought to engineering perfection. Production costs have been held if not actually reduced. . . . This has been done even in the face of the accusation that the limitation was throttling, rather than helping agriculture. The limitation rule actually appears to be solving long-term financing for many owners. . . . In this operation, efficiencies usually attributed to large acreages can be met and perhaps surpassed for an owner of less than 160 acres. . . . The barren land of southeast Tulare County is fast becoming a profitable garden with high-quality country living." Here it may be noted that the average irrigated farm in California is 142 acres.

Is "the 160" a burden on consumers, who might fare better with products from much larger producing units? Comparing the market impact of larger with smaller farms, Philip M. Raup, Professor of Agricultural Economics at the University of Minnesota, testified in 1972: "The large farm appears to be efficient, cost-conscious, and the source of much of our efficiency in agricultural production. But . . . if there are only large farms, the potentials for collusion, market sharing, restrictions on entry of new firms, and outright supply control are enormously increased. It is a part of our mythology of large farms that they are efficient. But the key question is: efficient at what? For very large farms, the answer is clear: At the exercise of market power . . . the effects of concentration in agriculture are quite likely to drive up the relative price of food in the long run." And Raup pointed out that "What is now needed is a research effort that will alert communities to the potential environmental costs of large-scale agri-business firms."

With these diversionary allegations examined—tyranny, inefficiency, high production costs, and high market prices—we return to the fundamentals of conservation and wholesome environment. The admonition of the original Governors' Conference on Conservation not to tolerate resource monopoly is not out of date, although in practice it remains in jeopardy. The same is true of the 1902 statutes' preference for public planning of water and land use over private speculation. The Supreme Court's reassurance that the meaning of the 160-acre limitation is that reclamation projects are "designed to benefit people, not land," has a very modern ring. The fate of this principle is uncertain, however, notwithstanding approval by the highest court. As remarked earlier, administrators relax enforcement under pressure.

A conspicuous example is the State Water Project of California. Faced with the prospect that Congress would refuse to exempt Federal Central Valley Project from acreage limitation, *Business Week* reported on March 13, 1944, that "if the big landowners in the valley lose out in this particular fight they have several other proposals to accomplish their end. One of them . . . said to have originated among the big landowners of Fresno County, is for the State of California to take over the Central Valley project, paying the entire bill." Years elapsed, but finally the idea took hold.

In 1960 the voters of California, assured that the project "will pay for itself," approved a $1.75-billion bond issue by a small margin. They were ill-informed that motivation for the state project was to escape acreage limitation; likewise that three of the State's senators and Governor Brown had publicly assured Congress, in Brown's words, that "the State of California will commit itself to invest more than $11 billion . . . over and above the Federal program.' Outlay on the state project already has reached $2.8 billion, not including the huge interest payments this commits the state to make to retire construction costs. In water-receiving districts such as Metropolitan Water District in Southern California, property owners pay for project water whether they receive any or not, and the state's taxpayers, north and south, underwrite the entire bill.

Notwithstanding that Congress—besought to exempt the state project from acreage limitation while allowing joint use of reservoir, pumping, and canal facilities—had debated for six days and refused exemption, administrators signed a federal-state contract minus any provision for acreage limitation.

A decade has elapsed awaiting challenge of the administrators' omission of acreage-limitation law from the contract. It has been left to private citizens to undertake this. Now four Central Valley family farmers have brought suit in San Francisco Federal District Court. Two conservation organizations—the Sierra Club and the North Coast Rivers Association—have asked to intervene in the case on the side of the farmers seeking observance of the law. On August 2, 1973, the presiding judge granted their motion. This is a great step to assure full airing of the conservation and environmental essence of a law that too many, for too long, have assumed was little more than an economic technicality. The Sierra Club, with others, is moving into a key role in two branches of government, to represent the public interest in preservation of a decent environment, practically and effectively.

BANKS: THE DANGERS OF RECKLESS GROWTH

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BIAGGI. Mr. Speaker, the management of the money and credit markets in this country is partly the responsibilty of the Government, but primarily the responsibility of the Nation's banks. During recent years we have witnessed major bank failures, disruption of basic mortage markets and the tightest credit in history for businessman and consumer alike.

Mr. George A. Mooney, chairman of the Washington Federal Savings & Loan Association of New York recently commented on the situation in a letter to the editor of the New York Times. His remarks, I am sure, will be of immense benefit to my colleagues, and therefore I would like to include them at this point in the RECORD:

[From the New York Times, July 24, 1974]

BANKS: THE DANGERS OF "RECKLESS" GROWTH

To the Editor:

We agree with your recent editorial "Drowsy Watchmen." It is a serious indictment of the structure and supervision of our financial institutions that the developing problems of Franklin National Bank were not resolved before the institution reached its present extreme circumstances.

As a former New York State Superintendent of Banks, I can attest to the extreme difficulties faced by regulatory agencies when an institution shows signs of weaknesses. Such a situation presents classic Hobson's-like choices where the banking authorities are expected to intervene to correct inadequate management, yet risk making the bank's problems worse by the act of intervening. All the more reason, therefore, why we should be ever watchful that the structure of financial institutions, as well as the response of the regulators, operate to insure stability and conservative management.

The Franklin case dramatizes recent drastic changes in the banking industry, perhaps without adequate consideration of possible consequences. For example, has not the bank holding company form of organization, which Franklin adopted, encouraged commercial banks recklessly to expand and diversify their activities beyond their traditional area of competence?

The holding company concept undoubtedly enabled Franklin to mushroom, but in the process sound management was sacrificed. Regulatory agencies should reverse this trend before the entire banking system is permanently weakened, and encourage the return of commercial banking to serving the financial needs of business.

Along these lines, and of direct interest to us in the mutual thrift industry (savings banks and savings and loan associations), is the issue of converting mutual (depositor-owned) thrift institutions into stockholder-owned organizations. Federal policymakers are leaning strongly toward legalizing such conversions on the theory that the stockholder form of ownership will make it easier for thrift institutions to grow rapidly.

One of the principal causes of the Franklin debacle was its "frantic race for growth." It would be tragic to subject the thrift industry to stockholder pressure for growth and increased profits.

Regulatory bodies should encourage commercial banks to lend to business and the mutual thrift industry should continue meeting the nation's housing needs. Financial institutions should not engage in speculative and risky enterprises in the name of growth.

GEORGE A. MOONEY

NEW YORK, *July 13, 1974.*

ADMINISTRATION OPPOSES PROVISION IN MASS TRANSIT BILL TO EXEMPT IT FROM THE NATIONAL ENVIRONMENTAL POLICY ACT

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. DINGELL. Mr. Speaker, H.R. 12859, the Federal Mass Transportation Act of 1974, contains the following provision in section 506:

The National Environmental Policy Act shall not apply to any project subject to this section.

The "section" to which this sentence refers provides for the approval of plans, specifications, and estimates for public mass transit projects.

Representatives ABZUG, HOWARD, ROE, VANDER VEEN, and TRAXLER objected to this provision in supplemental views in the Public Works Committee report of August 1, 1974.

This is the broadest exemption yet regarding NEPA. In most other bills, the committees have been content to exempt the particular program only from the NEPA requirement for an environmental impact statement. But the Public Works Committee wants to go further.

I am opposed to the committee's action.

Others opposed to the above-quoted anti-NEPA provision are:

Sierra Club, United Auto Workers, League of Women Voters, Izaak Walton League, and Friends of the Earth.

Mr. Speaker, I am glad to see that the administration also opposes this anti-environment provision. The position of the administration is expressed in the following letter which I commend to the attention of the Members of the House of Representatives:

COUNCIL ON ENVIRONMENTAL QUALITY,
Washington, D.C., August 14, 1974.

Hon. JOHN A. BLATNIK,
Chairman, Committee on Public Works, U.S. House of Representatives, Washington, D.C.

DEAR MR. BLATNIK: On July 25, the House Committee on Public Works reported out legislation on mass transit for consideration by the full House. Section 506 of that proposed bill includes language to exempt mass transit projects from the requirements of the National Environmental Policy Act, including the need to prepare and circulate environmental impact statements on major projects. I believe that a careful examination of the record of UMTA to date on NEPA compliance shows that this provision is neither necessary nor desirable. Moreover, as the first proposed exemption of a public works program from NEPA, it would be a dangerous precedent that would be strongly opposed by environmental groups and a large segment of the public.

Since enactment of NEPA four and one half years ago, UMTA has produced impact statements on only nine agency actions, an average of two per year. This would hardly seem to be the basis of a justification for exempting the program from the major law giving the public review over the environmental impact of government actions. There have been one or two complaints filed with the Council over the same period with respect to funding delays being blamed on environmental review within UMTA. To the extent the Committee believes these internal UMTA reviews continue to be a problem, we would be happy to work with UMTA to pin down the cause of the problem and help work out more expeditious procedures.

Environmental impact statements perform a valuable service to the public with respect to new large-scale transit investments. They present the transit proposals to local residents along with an analysis of its environmental impacts and those of alternatives to it. They help the public to understand the relative tradeoffs of bus, rail, and other basic transit modes, and invite public and expert comment on the proposed best method. In short, the NEPA process complements nicely the overall efforts made in your proposed transit bill to move decisions out to the urban areas and the public who will be using the new facilities.

The bill includes language for a type of substitute environmental review to be carried out by the Secretary. Aside from the fact that this procedure runs counter to efforts in the bill to give more decision authority to local officials, it has an even greater weakness. It substitutes a series of vague and subjective standards of review for the precise and well-established procedures of NEPA. As such, it will probably require considerable litigation and project delays in order to develop the necessary specificity of guidance that already exists under NEPA. Meanwhile, it is safe to assume that any lawsuit to be filed under NEPA would simply be shifted to a suit on the adequacy of the new untested procedures.

In summary, it is the opinion of the Council that the NEPA exemption in section 506 of the proposed bill is unnecessary and undesirable and that the substitute provisions outlined in the Act will result in increased delays in the approval and execution of mass transit projects needed to improve the environment in our cities.

Sincerely,

RUSSELL W. PETERSON,
Chairman.

MR. FORD AND CONGRESS

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. HANRAHAN. Mr. Speaker, the feelings toward our new President, Gerald R. Ford, have been largely favorable—on both sides of the aisle. Having been minority leader of the House will definitely improve the relations between the White House and the Congress. For my colleagues' benefit, I wish to insert the following Chicago Tribune editorial:

[From the Chicago Tribune, Aug. 12, 1974]

MR. FORD AND CONGRESS

As President Ford sorts out the enormous array of problems confronting him, his first item of business must be to knock down the wall that has arisen between the Presidency and Congress and to restore the sense of cooperation between the two branches of government that was intended by the Founding Fathers.

The Constitutional safeguards they provided were designed to prevent either branch from abusing its powers and dominating the other, but it was not meant that they should be in a constant state of conflict. The hostility between the Nixon Presidency and Capitol Hill was raging long before Watergate, and a return to teamwork has been long overdue.

True, political pressures and national exigencies make a perfect balance of power impossible. But some equilibrium can be achieved, especially if both branches seek it. Mr. Ford, with his sense of fair play and understanding of the workings of the legislative branch, is ideally suited to help bring this about.

His long friendship and close association with many leaders and members of Congress should also serve as a restraint on those in that body who would pull the pendulum in the other direction and try to dominate the Presidency.

There has been a continuing erosion of Congressional powers, but it predates Mr. Nixon by many years and the Congress itself is largely to blame. It surrendered its budget-making prerogatives to the executive decades ago and yielded in areas of foreign and military policy thru such lapses as the Gulf of Tonkin resolution. Mr. Nixon's hostility does not seem so groundless when one considers the large number of political rivals in the Senate who have been more interested in advancing their own Presidential fortunes than in solving the nation's problems.

Mr. Ford has been Congress' best friend in the White House. If its members put aside their partisan concerns and seek to build on that friendship, all of us should be richly rewarded. As President Ford addresses a joint session of Congress tonight, this thought may be assumed to be in the minds of both the speaker and most members of his immediate audience.

MR. FORD AND THE PEOPLE

One of the happiest aspects of President Ford's brief Vice Presidency was his candor and accessibility in dealing with fellow politicians, the public, and the press. He harbored no hostility or fear and viewed no one as his enemy; he was friendly and cheerful and always willing to listen.

If he can preserve that attitude in his new office—even beyond the "honeymoon" that will doubtless be accorded him—he may have one of the most successful Presidencies on record.

One problem inherent in our system is that the President serves both as head of government and as head of state. Tho the Founding Fathers sought to deprive the office of any kingly attributes, many Presidents have adorned themselves with them in the name of their function as head of state.

In the Nixon Presidency, this trend was almost absolute. Whatever Richard Nixon might do, the President could do no wrong. His authority was not to be questioned; no criticism, unkindly word, or [quite often] bad news was to be tolerated. Sensible advice from veteran politicians like Melvin Laird and former newsmen like Herb Klein was ignored. The politicians, the public, the press, and even many of Mr. Nixon's subordinates became enemies. He stopped listening. He slammed shut the door and it sealed his fate.

But a President cannot adequately function as head of government if he sees himself solely as head of state. Politics, like power, flows both ways. Politicians and the press do not serve merely as conduits to transmit Presidential power and the party line to the people; they are there to transmit the public's mood and will to the White House as well, a mood and will a President ignores at his peril.

The essence of good government is communication—an open door that not only permits the people to see inside the Oval Office, but permits its occupant to see outside as well.

Mr. Nixon never seemed to recognize that. Mr. Ford, thru his 25 years in the House and nine years as minority leader, has learned it well. His pledge to continue his policy of openness is one of the most encouraging signs of the new administration.

BEYOND SADNESS LIES THE PRIDE

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. FINDLEY. Mr. Speaker, Helen K. Copley, chairman of the corporation, the Copley Press, Inc., is the author of an editorial which appeared August 9, in the State Journal-Register, Springfield, Ill. Her comments on the presidential transition are especially timely and I set them forth below:

[From the State Journal-Register, Aug. 9, 1974]

BEYOND SADNESS LIES THE PRIDE

(By Helen K. Copley)

Americans who share this moment of history will reflect the full spectrum of emo-

tion—sadness, disappointment, revulsion, satisfaction, relief and pride—yes, pride.

For all of its bitterness, for all of the cost that it has levied upon our land, the final tally, where The State Journal-Register is concerned, includes a strong measure of pride—pride in our system; pride in the behavior of the great bulk of our legislators, pride in the forebearance of Americans across the land, pride in the energy and resourcefulness of a free and fearless press.

Those are the great ingredients that have brought Watergate to its end and, because of their combined strength, Richard Nixon, as a public official, is gone. His parting does not follow the course we would have preferred; our hope, throughout, being that the total constitutional process would be applied and that every senator and representative would be obliged to record his vote.

But it did not work out that way. The constitutional cycle has been foreshortened and Mr. Nixon is gone, by his own choice. With him, we pray, passes an era where the corruption of power attacked the very roots of the American system.

Mr. Nixon's greatest sin was not his exploitation of those around him. It was his abuse of the great power of his office coupled with a tragic betrayal of the millions of American people who trusted in him.

In the aggregate, the citizens of this land ask for little. Most of them pay their taxes, observe the laws and aspire to be left alone. They respect their leaders, believe in them and sustain them. In return they expect those leaders to behave, if not perfectly, certainly within the reasonable limits of Christian probity. When leaders do not behave properly they may expect no patience and little compromise.

And that describes the sad—the bitter—case of Richard Nixon. Returned to his high office with an election majority of dramatic dimensions, he, like a royal heir, had only the brightest of horizons for his stewardship. Then, amid an array of major accomplishments in behalf of international peace, it became apparent that something was wrong at home. The evidence of just what it was—its enormity—grew but the matter was fully illuminated only this week, when it became clear by the President's own admission that he had violated his trust. That is the truth of it, and the people reacted as they might be expected to react.

Out of it all, there will come many lessons and first among them is the fact that the United States of America is sound and strong. It will survive this crisis and, indeed, will grow stronger from it. The presidency itself, having endured the crucible of the last few months, is a better institution as it passes into the hands of Gerald Ford.

Our hope now is that this dedicated and altogether able man will lead our nation away from the bitterness and rancor of Watergate and into a new era of political morality.

Meanwhile, we will do well to reflect with compassion on Mr. Nixon's family and on all the other innocents whom Watergate has injured, praying that the qualities that have made our nation great will serve as a rock to which all of us who grope for strength today may cling.

LOS ANGELES CENTER RATES TESTS

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BELL. Mr. Speaker, virtually every education bill ever passed has required evaluation of the programs it establishes. We here in the Congress as well as educators across the Nation, want to know what works, and what does not work, so that we can improve our ability to help children learn. But the development of accurate methods of evaluation is itself a difficult undertaking. An acknowledged leader in the field is the Center for the Study of Evaluation at the UCLA Graduate School of Education. This center, which is supported by the National Institute of Education, has developed innovative evaluation techniques for use by education agencies throughout the country.

The outstanding record of the center was recently outlined in an article appearing in the Los Angeles Times which I commend to the attention of my colleagues:

[From the Los Angeles Times, July 24, 1974]

L.A. CENTER RATES TESTS FOR EDUCATORS' USE

(By Carol Mock)

WASHINGTON.—Thanks to tools developed by the Center for the Study of Evaluation at the UCLA Graduate School of Education, elementary school teachers and principals are learning how to choose standardized tests for their students that really measure the skill they are teaching.

In the past, standardized tests, which are given to almost every school child to measure academic and intellectual standing on a national or local level, were never rated to find out if they measure what they claim to measure or if they are suited to the person taking them.

For example, a test may claim to measure reading when it in fact tests maturity. In another instance, the center has found that small type makes a test more difficult for kindergarten children.

The center's ratings of tests have been put together in a book for use by educators who want to choose a specific learning goal for their students—such as "Remembering Information" or "Using Fractions"—and then find the test which best measures that skill.

What the center calls its "Consumer's Guide to Tests" is one of several ways in which it is trying to help teachers and school administrators deal with growing public concern for accountability in education. There is an increasing need for people on the local school level who can evaluate weaknesses in their programs and find ways to deal with them.

Tightened budgets and a variety of teaching innovations are also forcing educators to make tough decisions about the best ways to teach.

The Los Angeles-based research is the only work in the country on test evaluation, which the center defines as determining the kinds of decisions that have to be made, finding and analyzing pertinent information and giving it to the decision-makers.

The stated goals of the center are to teach educators how to make the best decisions about their teaching and programs and to "assure the availability of the resources for effective evaluation practices."

In addition to the books which first came out in 1970 and are now being revised, the center has developed kits and workshops. It is also working on bilingual programs and the tests needed for them.

Marvin C. Alkin, director of the center, told a group of newsmen in Washington that the test evaluation books were forcing test publishers to upgrade their products.

He said publishers complained to him that they had to add research units so they would be in a position to dispute the center's findings and that they now needed training sessions for their salesmen.

"That's exactly what we would have had them do," Alkin said.

One area the center's work does not deal with is bias—sex, racial and cultural—in standardized tests. Such bias automatically gives some groups of students higher scores than others and misleads teachers as to the real needs of their students.

An innocent example of such bias given by Alkin is found in the question "Where is football played?" The correct answer is "on a field", but Alaskan students might say "on a pond" because a frozen pond in the winter is the only place they play the game.

Alkins said that although the center had done some research on the bias question the staff had found it too complicated to incorporate into the rest of their test evaluations.

Although all of the center's present projects are for use in elementary schools, plans have been made to expand to all levels of education. A test evaluation guide for use in junior high and high schools is scheduled to come out this fall.

The government-financed center was established in 1966 along with seven other university-based educational research and development centers and eleven educational laboratories located throughout the country.

GILMAN'S SENIOR CITIZEN CONSULTANT

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. GILMAN. Mr. Speaker, my Washington office recently had the privilege of conferring and working with Mrs. Rue Kingsley, of Goshen, N.Y., who has been appointed senior citizen consultant for our 26th Congressional District. Earlier this year, Mrs. Kingsley was selected by my Senior Citizen Advisory Committee to represent the older Americans in my district, to focus attention on their needs, making their views known and to inform them of pending Federal legislation which could be of benefit.

Following her conferences and internship in Washington, I received the following report from our senior citizen consultant which I thought would be of interest to my colleagues and to those senior citizens who may be interested in some of our national programs:

JULY 19, 1974.

DEAR CONGRESSMAN GILMAN: As Senior Citizen Consultant for the 26th Congressional District, the opportunity to spend a week in Washington with your office staff and with federal officials was highly informative and beneficial.

Permit me to summarize my activities while in Washington:

On June 17, 1974, my husband and I drove to Washington where I began a week of meetings and consultations with representatives of AARP/NRTA, with the Senate Special Committee on Aging, the Administration on Aging, the Senior Citizen Division of the Republican National Committee, the Social Security Administration and the Division of Older Americans Volunteer Programs of ACTION.

These discussions about the many Senior Citizen problems informed me about the AARP/NRTA national health proposals for older and disabled Americans—proposals to expand Medicare from limited coverage for a limited number of people to a comprehensive program of national health insurance for all persons over age 65 and for disabled

persons presently covered under Medicare. I share with you the urgency for enactment of national health legislation, especially provisions for catastrophic illness, the latter being a disastrous threat to the economic stability of older persons living on retirement incomes.

In a conference with representatives of the Senate Special Committee on Aging, I learned about H.R. 11105, a proposal to extend for three years Nutrition for the Elderly, a program providing meals in group settings for older persons unable to afford adequate nutrition. I am pleased to learn that this measure has now been enacted (Public Law 93-351).

In my discussions with a representative of the Administration on Aging, I was informed about the advantages of working with the New York State Office for the Aging which, under the Older Americans Act, administers federal funds throughout our State for planning, training, transportation and for establishment or expansion of multi-purpose centers for older persons.

Having also reviewed the problems of providing housing for our elderly, I was extremely pleased that during my Washington visit, on June 20th, I was able to personally observe from the Gallery of the House of Representatives, the passage of legislation providing low-interest loans for construction of vitally needed non-profit housing for our older persons. I understand that this measure has now been reported out of the House-Senate Conference Committee.

As in earlier discussions with legislative representatives of AARP/NRTA about the problems encountered by many N.Y. State SSI recipients, the major topic of discussion with officials of the Senior Citizen Division of the Republican National Committee and the Social Security Administration was the implementation of the new Supplemental Security Income Program which nationalizes payments for low-income aged, blind and disabled persons.

I was pleased to learn about the special "strike force", established to locate those who may be eligible but who have not applied for SSI. When located, the number of persons drawing SSI payments nationwide is expected to climb to six million. I was astounded to learn that hundreds of people in our region are not receiving any SSI benefits because they failed to notify the Social Security Administration that payments due had never arrived. As one of my District projects, I intend to enlist some volunteers to help seek out those who may be eligible but who are not receiving benefits.

Although the SSI program is basically sound, some glaring inequities have emerged since becoming effective on January 1, 1974. I was pleased to learn while in Washington about your efforts to correct some of the legislative oversights and to assure that SSI recipients will be eligible for food stamps, for cost-of-living increases in both Federal benefits and State supplements and for limiting the decrease of federal guidelines to 10% instead of the one-third reduction in payments for retarded children living at home.

During the course of my Washington conferences, it was pointed out that another area needing remedial legislation involves the eligibility requirements for SSI benefits which state that the market value of an applicant's home may not exceed $25,000 and insurance policies may not have a total face value of more than $1,500. At a time when escalating costs and soaring real estate values make this criteria unrealistic, it prevents many of our needy aged, blind and disabled from receiving benefits for which they would otherwise be eligible.

My last scheduled meeting during my week in Washington was with an official from ACTION, the agency which now includes the Peace Corps, VISTA and several other volunteer programs. It was gratifying to learn that more than 90% of the total number of volunteers in all of the ACTION programs are senior citizens, with 55% having served for more than three years. The Foster Grandparents program under ACTION was of particular interest to me, since it is specially designed for low income persons, 60 years of age or older, who give needed care to institutionalized children with special physical, mental or emotional handicaps. The economic benefits for the senior volunteers include an annual physical examination, meals, transportation, accident insurance and a stipend of $1.60 per hour. The non-economic benefits reported by Foster Grandparents showed 92% felt less financial worry, 95% reported satisfaction with life, 94% a feeling of being useful to others.

The Rockland County Council for Senior Citizens, Inc., of New City, New York is currently administering such a program. Since there is a continuing need for Foster Grandparents, I am urging interested individuals and members of senior groups to contact your district offices in order to expand this worthwhile program for Orange, Rockland and Ulster counties.

At this meeting, it was also pointed out that the largest volunteer program in terms of the number of participants, is the Retired Senior Volunteer Program (R. S. V. P.), which accounts for 85,600 volunteers nationwide, all older Americans, who work on a variety of community projects, utilizing special skills in hospitals, schools, institutions, poverty areas and wherever the need may arise. The Rockland Community College in Suffern, New York was an active participant in this program last year.

Out of all of the information and knowledge I gleaned about our government's agencies, its Senior Citizens programs and legislation concerning our older Americans, I hope and pray that some action will emanate in easing the burdens of those of us who, in the winter of our lives, are urgently in need of housing, medical facilities, adequate nutrition; so that our tax burdens may be lightened; that we may continue to participate in programs to improve the quality of life and so that we may retain our dignity and pride as members of society.

My week of conferences and internship with your staff in Washington was highly informative. Now, I look forward to being able to apply all of this information to the practical benefit of our senior citizens, as I embark on my work as your liaison with senior citizen groups throughout our 26th Congressional District.

Sincerely,

RUE KINGSLEY,
Senior Citizen Consultant, 26th Congressional District.

UNITED STATES-CHINA RELATIONS

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BINGHAM. Mr. Speaker, Robert Barnett, director of the Washington Center of the Asia Society, has done some hard thinking about our present and future relations with the People's Republic of China. In an article in the Baltimore Sun of July 24, he has outlined several specific steps the United States should take to advance and solidify the relations between our two countries. Without such action, he points out that détente with China may be forced to depend solely on the "fragile magic of personalities."

I commend this article to the attention of my colleagues who are concerned about the course of our relations with Peking and Taipei:

UNITED STATES-CHINA RELATIONS: BUTTRESSING THE SHANGHAI COMMUNIQUE

(By Robert W. Barnett)

WASHINGTON.—Trust in the Shanghai Communique, as a contract between governments, should be restored. It has been looked upon too much, perhaps, as a private understanding between Secretary Kissinger and Prime Minister Chou En-lai and their principals, whose effective exercise of authority is currently being questioned variously on grounds of failing health, intervention of foreign policy concerns other than Sino-American relations, and the distracting effects of various domestic challenges.

The stabilizing influence of the Shanghai Communique in strategic calculation within the Pacific legion is too important to be allowed to depend upon the fragile magic of personalities.

Secretary Kissinger has recognized this need in telling audiences that "despite periodic accounts of supposed ups and downs in our bilateral relations, there should be no doubt in anyone's mind, that from the United States point of view, we remain firmly on course. . . . No policy of this administration has had greater bipartisan support than the normalization of relations between the United States and the People's Republic of China.

Senator Jackson, recently returned from Peking, now favors full normalization of diplomatic relations between the United States and the People's Republic of China. Ambassador Bruce, soon expected in Washington for consultations, perhaps in connection with another visit by Secretary Kissinger to Peking, will report that he hears fears expressed in Peking of Washington backsliding from Shanghai Communique commitments.

Washington's commitment to détente would be reinforced by seeing that a variety of more or less inconspicuous actions begin to originate in various parts of the government—with respect to Taiwan.

The first of several useful moves could be for the Executive Branch to applaud Senate approval of S. 3473 where, in Section Four, the Formosa Resolution of January 29, 1955 is repealed. This resolution is something other than our Mutual Defense Treaty with the Republic of China which commits the United States to defend a treaty area comprising Taiwan and the Pescadores in case of military attack, and is respected silently in the Shanghai understandings.

The 1955 resolution says that if military activity outside of the treaty area could be construed as intended to threaten the treaty area, the President is authorized to employ American armed forces to oppose it. This resolution gave congressional authority for Washington's support of Taipei during the frightening Quemoy crisis in 1958.

That historic crisis planted seeds of distrust between Peking and Moscow: open Sino-Soviet hostility became apparent just a little while later. That crisis also revealed that Quemoy was, from Peking's standpoint, worthless in itself but was a symbol of Peking's and Taipei's common contention that there is but One China—a strategic linchpin.

When as envisaged in the Shanghai Communique, Chinese on both sides of the Taiwan Strait start talking together, Quemoy, with its massive investment in fortifications

and manpower will be a part of the business on their agenda. The Executive Branch should applaud a congressional action which says that the future of the offshore islands is their business and their business alone.

Second, the United States should encourage Taipei—the Republic of China—to differentiate detente, which can present constructive tactical opportunities, from rapprochement, which might have far-reaching strategic consequences. Taipei now stands stiffly aside from the detente with Peking being sought by Washington, Tokyo and in many quarters of South and Southeast Asia. In fact, Taipei condemns moves toward constiffly aside from the detente with Peking and other capitals. It was a petulant anachronism, for example, when Taipei tried to block Tokyo's civil aviation agreement with Peking. Instead, Taipei should recall that even under the almost forgotten Hallstein Doctrine, Bonn traded with the East, and should observe that even President Park of South Korea recognizes that for him to talk with North Korea is necessary within his strategic environment. Washington should inform Taipei plainly that for it not to trade or talk with the People's Republic of China creates a risk of being viewed as a troublemaker within the area, and, in time, a prospect of crippling isolation for itself.

Third, Washington should make for itself frequent opportunity to advertise the substantial reductions of United States military forces on and related to Taiwan and explain that they represent carrying out the general strategic intention of the Shanghai Communique. Doing this would put in context the recent puzzling sale of submarines to Taipei which was, actually, merely completion of a transaction commenced long before the Shanghai understandings.

Senator Jackson may have preempted another move which the Executive Branch should be making—to declare that the longer term American goal, implicit in the language and spirit of the Shanghai Communique, is the establishment of a full scale United States diplomatic establishment in Peking, while preserving something like a United States liaison office in Taipei.

Surfacing this definition of our objective might provoke inconvenient exploration of heretofore intractable questions.

The Shanghai Communique would be reconfirmed significantly, however, in having Washington seem to be declaring that Taiwan should be but another province of One China, with Peking administering China's foreign and defense policies, thus eliminating the Taiwan Strait as an arena for foreign military intervention, while at the same time indicating that the different historical, economic and cultural realities of Taiwan justified political arrangements that allowed differences, and some separateness, for Taiwan.

Both Peking and Taipei might well have objections to any position by Washington, perhaps arguing that it constitutes intervention in China's internal affairs. But so long as the Mutual Defense Treaty of 1954 remains on the books, Washington is entitled to express a view as to what might be done by others to make that treaty irrelevant, unnecessary and obsolete.

Were we to declare this to be our hope and wish, Taipei might act in ways designed to convince the American people that it deserved protection because it had no hostile intent of its own toward anyone.

Meanwhile, Peking might be encouraged to offer to Taipei arrangements which accommodate peacefully the two economic and social systems one to the other, and would credibly end justification for any future United States interference in the internal affairs of China.

A STUDENT REPORTS ON RADIATION HAZARDS

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. GUDE. Mr. Speaker, I would like to share with my colleagues an interesting paper that has resulted from my summer high school intern program. Thirty-five outstanding high school students from the Eighth District of Maryland have recently completed a 3-week program of seminars, field trips, and individual research. Each intern selected a topic of current interest, conducted a close study of problems and possible solutions, and submitted a paper of his or her findings at the conclusion of the program.

From these, I have chosen one that has been especially timely in light of the energy crisis, and our latest increase in the use of radiation. The paper, written by Celia Goldman and Laurence Kirsch of Walt Whitman Senior High School, is an excellently documented analysis of the dangers of transporting radioactive materials on commercial airlines. This is a field in which few safety guidelines have been outlined. Several bills have been introduced in Congress with reference to possible reforms in this area and I feel that this paper will be a valuable contribution to the 93d Congress.

Running a close second and third to Ms. Goldman's and Mr. Kirsch's paper are two fine papers submitted by Peter Kirsch, of Gaithersburg High School, on the environmental impacts of utilizing oil shale, and an analysis by David Schwab of Walt Whitman High School on the presidential impoundment of funds. The other interns who participated in the program are as follows: Jeffery Anders, of Woodward High School; Barbara Auerbach, of Kennedy High School; David Benenson, of Wheaton High School; Richard Dagen, of Springbrook High School; Dianne Dilenno, of Ursuline Academy; Claude Fecteau, of Good Counsel High School; Geoffrey Gavett, of Springbrook High School; Lori Granger, of Churchill High School; Richard Graves, of Peary High School; Susan Harwood, of Woodward High School; Margaret Horak, of Immaculata Preparatory; Jill Johnson, of Walt Whitman High School; Laurie May, of Paint Branch High School.

Jill Passes, of Georgetown Visitation; Laura Power, of Ursuline Academy; Eric Rechen, of Einstein High School; Anora Reinburg, of Holy Cross; Kenneth Riffle, of Montgomery Blair High School; Maureen Ryan, of Holy Trinity; Henry Schmeltzer, of Landon High School; Kirsten Schroder, of Holton Arms; Marin Scordato of Georgetown Preparatory; Ira Selkowitz, of Einstein High School; Lois Marie Shelton, of Peary High School; Lyn Skillington, of Sherwood High School; Michael Skoler, of Walt Whitman High School; Gary Snyderman of Bethesda Chevy Chase; Wendy Van Cott, of Holton Arms; Eric Young, of Northwood High School; and Robert Zuccaro, of Magruder High School.

The text of the winning paper is as follows:

SAFETY AND HEALTH HAZARDS IN THE TRANSPORTATION OF RADIOACTIVE MATERIALS BY AIR

(By Celia Goldman and Laurence S. Kirsch, Walt Whitman High School)

Every day one-half million Americans travel on 13,000 airline flights, unaware that there is a one out of three chance that their flight is carrying radioactive materials. It has been estimated by the Atomic Energy Commission (whose figures are far more conservative than most) that sixty per cent of these shipments are in some way in violation of the regulations governing transportation of radioactive materials by air. These alarming figures and a recently publicized incident have prompted us to review this situation in terms of the regulations involved, the studies conducted and the hearings held. After evaluating the various aspects of the problem we have constructed several proposals we believe viable in protecting the public from the dangers which now exist in transporting radioactive materials by air.

* * * * *

The "energy crisis" has added to radioactive risks. As research and development of nuclear power is speeded up, more shipments are being made. At the same time, according to the Civil Aeronautics Board, cargo plane service is being phased out. These facts, along with continued rapid discoveries of new radioisotopes, mean that more and more radioactive shipments are being forced onto passenger airliners which carry 200 million passengers per year.

There are certain characteristics of air travel which contribute to the danger of transporting radioactive materials by air. One cannot get out of an airplane if he discovers something hazardous. Airplane crashes are also more likely to be catastrophic than crashes of other vehicles are. The limited space in an airplane restricts possible separation distance between radioactive materials and passengers. In fact, in one series of aircraft (the F-27) radioactive shipments must be placed in the passenger compartment. In addition, planes carrying radioactive shipments are not required to be placarded as other modes of transportation are. Such shipments are not even allowed on passenger trains or buses. Finally, air travel unavoidably exposes people to an amount of cosmic radiation greater than on the ground; it is unfortunate that an avoidable dose is added in the form of radioactive shipments.

* * * * *

Radioactivity is by nature an insidious and elusive phenomenon. It cannot normally be seen or felt as it ionizes the atoms of which our bodies are composed. The amount of radiation received by the body is a function of intensity, duration and frequency of exposure.

Radiation can affect the body in several ways. It is definitely known to trigger or contribute to sterility, miscarriage, and cancer. Genetic mutations and chromosomal aberrations threaten deformity in future generations. The head of the Airline Flight Attendants (AFA) contends that flight attendants suffer an abnormally high rate of miscarriages and children with birth defects.

In spite of all the radiation standards and limits, many reputable scientists believe that any exposure to radiation is harmful and that no packaging device is foolproof. The National Transportation Safety Board says that all radiation protection criteria depend partially on ". . . value judgments based upon the concept that there may be

some degree of risk at any level of exposure. The BEIR report of the National Academy of Science upholds the idea that there is no agreement or proof that there is a threshold below which there is no damage to the human body by radiation. Dr. Karl Z. Morgan, former director of the health-physics division of Oakridge National Laboratory explains that there is always the probability of a proton hitting the body in such a way as to cause damage such as cancer.

Children are generally four times more vulnerable to the effects of radiation than are adults. Radiation often settles in the bone marrow of children and fetuses. Dr. Alice Stewart has demonstrated an increased incidence of childhood cancer and leukemia from exposure to just a single X-ray *in utero*.

The incubation period of radiation-induced cancer can be from five to fifty years. It must be remembered that radiation builds up in the body over the years. Effects of low-dose exposure are not immediately apparent or ever directly traceable to a particular incident. It has only been about twenty-five years since any real exposure to radiation could have occurred. No one actually knows what long-range somatic and especially genetic effects may exist.

* * * * *

There is an amazingly intricate system of regulations governing the transportation of radioactive materials set up by various government agencies. Several of the agencies involved in the transportation of radioactive materials by air include the AEC, DOT, FAA, OHM, HMB, NTSB, and the Postal Service. The standards now in effect have been set by the International Atomic Energy Agency (IAEA), set up in 1956. The original standards set up by the IAEA as revised in 1967 have been accepted either in whole or part by the various member states, including the United States.

The Department of Transportation has the regulatory responsibility for the safe transportation of all hazardous materials, including radioactive materials, by all modes of transportation, except for postal shipments which are regulated by the U.S. Postal Service. However, the direct regulatory authority for each mode of transportation is retained by the various operating administrations of the DOT, in the case of air shipments, the Federal Aviation Administration. The FAA is responsible for conducting inspections and seeing that its regulations are carried out. However, the agency has no power to open shipments to see that the packages fulfill the requirements or are properly documented. The DOT can penalize the carriers for improper handling, but was not given any authority in the Federal Aviation Act of 1958 to penalize the shippers for supplying incorrect documents with a shipment.

The operating administrations have few personnel technically qualified in radiation matters. Thus, most of the technical work is performed by the Office of Hazardous Materials (OHM), which is in the DOT's Office of the Secretary. The purpose of the OHM is to coordinate all matters concerning the transportation of hazardous materials. The OHM works with materials regulations and training programs. It can warn of violations, but cannot punish. The OHM is also the U.S. representative to the IAEA.

The Hazardous Materials Regulation Board (HMRB) was formed in an effort to make the regulations for all modes of transportation consistent. The HMRB is composed of representatives of each of the operating administrations of the DOT and OHM.

The Atomic Energy Commission is by far the most powerful body controlling shipments of radioactive materials. Under the Atomic Energy Act of 1954, the AEC has responsibility for safety in the possession and use, including transportation of, by-product, source and special nuclear materials. A license is required from the AEC to possess and use these materials. (However, certain small quantities and specific products are not subject to any regulations at all.) Thus, the jurisdictions of the AEC and DOT overlap. The AEC also assists and advises the DOT in establishing national safety standards and in reviewing packaging designs, although the rules are actually set by the DOT. The AEC has exempted common carriers from its requirements because of the controls exercised over the carriers by the DOT.

* * * * *

Dr. John W. Gofman, physicist at the University of California at Berkeley, has called the AEC's standards "a public outrage" and "a legalized permit for murder." One of the reasons for the AEC's weakness in the field of safety is its zeal for nuclear research and development, an attitude shared by the White House.

Last January the Office of Management and Budget ordered a reduction of $9.9 million out of a $71 million request made by the AEC for its regulatory functions in Fiscal Year 1974. This cutback in the safety budget precipitated massive resignations on the part of the safety staff. At the same time President Nixon ordered the AEC to speed up the licensing of nuclear power plants. The "energy crisis" was Mr. Nixon's rationale in reducing the licensing and construction time for each power plant from ten years to seven years.

There is a long-standing personal animosity between regulatory leaders and the most powerful members of the AEC, including Dr. Ray who refuses to speak to some of the safety staff. Dr. Ray recently ordered eight power plants to operate at full power instead of somewhat below that level as the regulatory staff had recommended.

The Energy Reorganization Act of 1974 has passed in the House and has been reported out of the Senate Government Operations Committee as S. 2744. This Act will hopefully prove a vital step in controlling nuclear materials by separating the research and development functions from the safety functions of the AEC into two different agencies: the Energy Research and Development Administration and the Nuclear Safety and Licensing Commission respectively.

Members of the Nuclear Safety and Licensing Commission will be ". . . appointed by the President, by and with the advice and consent of the Senate" and with ". . . due regard to a fair representation expertise in nuclear safety technology, health science, and environmental science." Within the Nuclear Safety and Licensing Commission will be an Office of Nuclear Safety Research and a Bureau of Nuclear Materials Security dealing with theft of nuclear materials. It is our recommendation that an Office of Nuclear Transportation Safety also be included. At least, an officer with such duties should be one of the nine additional officers appointed at the Commission's discretion. Finally it is hoped that the new Nuclear Safety and Licensing Commission will not limit its concern to materials directly related to nuclear power, but will also be imbued with a desire to protect the population from radioactive materials, even in the smallest quantities, in all phases of human life.

It should be pointed out that the Joint Committee on Atomic Energy (JCAE) appears to be a puppet of the AEC. In the JCAE's publications room one can find all of the AEC's many pamphlets displayed and for distribution. It was also our experience that the JCAE had only copies of AEC testimony given before other Congressional committees probing transportation of hazardous materials. The JCAE's interest should encompass all points of view on this matter.

In testimony before the Senate Commerce Committee on June 13, 1974 Ralph Nader described the JCAE as follows: "But that Committee, infused with a missionary zeal to promote the nuclear industry, has swept aside all warnings by reputable scientists, browbeaten and harassed critical witnesses and ignored studies of the danger inherent in the proliferation of nuclear power plants." Hopefully the Congress will follow the Energy Reorganization Act with reorganization of its own committee structure relating to atomic energy and safety.

* * * * *

FINAL RECOMMENDATIONS AND CONCLUSIONS

From the research done in this brief three-week period, it has become evident that the actions taken by Congress to control the transportation of radioactive materials by air have been quite insufficient. Hearings have been held and studies have been conducted, but there has been no significant action to control the health aspects of these materials which present such great biological danger to mankind. There are many different directions from which the problem may be approached.

Many people are of the belief that all radiotherapy used by doctors is necessary. However, this notion is not true. The first and most obvious way to have fewer accidents with radioactive materials on airplanes is to transport less of them. Many doctors agree that the American people are subjected to an unnecessarily large amount of radioactivity every year for medical treatments. Dr. Ralph Lapp, a physicist, has proposed that unless we reduce the medical use of X-rays by 50% by the year 2000, we will have 50,000 cancer deaths in the United States by the end of the century. Dr. Arthur Tamplin has said, "I am certain that something like 75% of the medical shipments of radioisotopes could be eliminated without any real reduction in the viability of medical practice in this country." Reducing the number of radioisotopes used in treatments would reduce the amount transported and handled, thus, controlling the source of the problem rather than the symptoms. In order to reduce the amount of radioisotopes used in the United States, two changes must be made: First, it would be necessary to develop new methods of diagnosis and treatment. Secondly, the radioisotope industry must look at itself and examine its motives.

Other measures which would improve the present methods of transporting radioactive materials are as follows:

1. Licensing—There should be more stringent requirements to be met before a shipper is licensed. Also, the carriers themselves should be required to be licensed before they are permitted to carry radioactive materials. The carrier's training program and handling procedure should be thoroughly examined before a license is granted.

2. Training—The carriers, shippers and receivers should have training programs to insure that the effect of "human error" is minimized. Procedures for handling packages or radioactive materials should be standardized to eliminate, or at least lessen, the chance of improper handling. Also, in addition to teaching employees the methods of handling, they should be taught the dangers of radioactivity. If the employees knew the real dangers of the materials which they were handling, this in itself might make them more careful.

3. Study Groups for Further Investigation—Further investigations should be conducted to determine the route the majority of shipments are taking, and to shorten the route if possible. For example, it is very unnecessary to transport an isotope from Los Angeles to New York that is also made in Ohio. Also, possibly more of these materials could either be transported in freight only airplanes or by surface transportation, rather than passenger airplanes. Groups such as ALPA would like to see the transportation of all hazardous materials on passenger aircraft prohibited. Even if transporting radioactive materials on passenger airplanes is absolutely necessary (as the in-

dustry contends), these materials should be put in a separate compartment from baggage and freight.

4. Control by Single Agency of Independent Experts—Radioactive materials are very different than other types of hazardous materials, such as acids, and should be treated as a separate entity. The properties and characteristics of radioactive materials are so complicated that only an agency of experts on these specific materials should be in a position to make decisions. Hopefully, the proposed Nuclear Safety and Licensing Commission would fill this need.

5. The Public's Right to be Informed—The public should have the right to know what dangerous materials are being carried on the same plane as he is, and be given the opportunity to refuse to fly on planes carrying items which may jeopardize his safety. This is especially important to people who have already been exposed to high levels of radiation, or people with a history of cancer. On all other modes of transportation, placards are required to mark vehicles carrying radioactive materials, but not on airplanes. The pilots are always supposed to know whether any hazardous material is on his airplane, but he is under no obligation to tell the passengers. In an important decision in the federal district court in the Southern District of New York, *Fleming v. Delta Air Lines*, 359 F. Supp. 339, the court held that an airline's failure to warn passengers of possible weather hazards, "so that they can choose for themselves" whether they want to leave, would subject the airline to potential liability for injuries suffered on the trip. There should be a similar rule concerning radioactive materials.

Furthermore, there should be no statute of limitations on cases involving exposure to radioactive materials because cancer might take twenty-five years or more to show up.

6. Better Recordkeeping—The airlines should keep better records of both the names and addresses of passengers in case they have to be reached, and shipments to know exactly what material is being shipped where.

7. Immediate Pick-Up of Deliveries—Packages should be picked up immediately after a flight has landed. Again, this would mean that leaks would be detected earlier. There is no reason why packages should be left at airports after being rushed by air because of the material's short halflife.

8. Manpower—All of the agencies involved are tremendously understaffed. More fully qualified inspectors are needed to check shippers and receivers as well as carriers. Also, all shipments should be checked for radioactivity before being loaded, after being loaded, and after being unloaded. This would help minimize the danger by preventing more people from being exposed to any defective package. These checks should be constant, not just spot checks; but in order to carry this out, more inspectors and trained personnel are needed.

9. Higher Appropriations—In order to have more qualified inspectors and to keep more complete records, the government agencies involved need higher appropriations. The present lack of inspectors shows that the money needed is not extra, but is absolutely essential to perform the regulatory functions assigned to the agencies. There should also be a special fund set aside to subsidize studies by the many independent agencies which filled the gaps left by government investigation.

10. Enforcement and Penalties—Enforcement of the rules seems to be one of the weak links in the system. This is partially due to the lack of inspectors. For example, in a special sixty day study by the FAA (quoted earlier in this paper), 240 discrepancies were found in seventy shipments. However, in their 1973 annual report on hazardous materials for the DOT, the year total given was 232 discrepancies. This is a clear indication that many faulty shipments were not discovered because they were never inspected.

The second factor which should be changed is the level of penalties set. At the present time, the AEC can only levy penalties of up to $5000 for each incident. If penalties were much higher, as they should be, everyone involved would be that much more careful. Enforcement is a very important factor which must be changed, because unless the rules are strictly enforced, the private sector will continue to violate them.

This leads to the most basic area that must be corrected. The government is gradually relinquishing more and more of its power to private industry. In this age where shipments of radioactive materials are increasing rapidly, more government involvement is necessary, not less. Unless Congress acts on this urgent matter, there will be more accidents and the public will be exposed to more radiation. The need for action is clear and present. We firmly believe that facilitating the proposals contained in this paper will result in an improvement in the quality of life for the American people and the entire world.

PROF. VICTORIA SCHUCK RETIRES

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CONTE. Mr. Speaker, colleges all over the country will begin fall classes very shortly and here in the Congress we will be saying goodby to the legions of students who have served us this summer as interns.

I know my colleagues join me in expressing sincere appreciation to our interns for their dedicated hard work. But, not only must we express our thanks to the individual young people, but we owe a debt of gratitude to the many schools and colleges who sponsor congressional internship programs.

It is with deep regret that I note that with the close of summer we will also be saying farewell to a close personal friend of mine, Dr. Victoria Schuck, professor of political science at Mount Holyoke College and director of one of the most successful college internship programs in the Nation.

Professor Schuck retired at the end of this academic year after 25 years at Mount Holyoke College. This summer's contingent is the last group of interns "Vicky" Schuck will send to Washington.

Professor Schuck founded the Mount Holyoke Washington intern program in 1949. It was the first program of its type and, under her able guidance, it came to serve as a model for other such programs at colleges and universities throughout the Nation.

A number of excellent articles have been written regarding Professor Schuck's retirement. At this point, Mr. Speaker, I would like to insert two of these articles in the RECORD so that my colleagues, many of whom have worked closely with her over the past 25 years, can read of Victoria Schuck's many accomplishments. And I would like to add my personal congratulations to Professor Schuck. Her absence will be as keenly felt on Capitol Hill as it will be at Mount Holyoke. I know all of my colleagues will join me in wishing this remarkable and brilliant woman well.

The articles follow:

[From the Holyoke (Mass.) Transcript-Telegram, May 18, 1974]

PROFESSOR SCHUCK WILL RETIRE FROM MOUNT HOLYOKE COLLEGE

Women, politics and the combination of the two.

These are the favorite topics of Professor Victoria Schuck, the famed political science specialist set to retire this year after 25 years of teaching at Mt. Holyoke College.

Since arriving at the school in 1949 with a B.A., M.A., and Ph.D. from Stanford University, Miss Schuck has always been an active participant in local, state and national politics.

A distinguishable figure in American government and administration, she has an exceptionally broad resume of political service.

DISTINGUISHED POSTS

She has been appointed to numerous national and international commissions and committees by governors and presidents. Among the more distinguished posts were President Kennedy's Commission on Registration and Voting Participation.

She also served as a member of the Secretariat of the United Nations Conference which wrote the U.N. charter under President Truman. She has also been vice president and secretary of the American Political "Woman of the Year" by the Mass. Federation of Business and Professional Women's Science Association and in 1968 was voted Clubs.

Professor Schuck is also deeply involved in civic affairs.

After establishing the Urban Studies Dept. at Mt. Holyoke, she served seven years on the Board of Trustees of the University of Massachusetts and was chairman of the committee that spearheaded expansion plans for the growing institution in Amherst. She has held a number of positions locally, among them a member of the South Hadley Planning Board for eight years.

GREAT ACCOMPLISHMENT

But probably one of her greatest academic accomplishments in academic circles was the establishment of the Washington Internship Program, the first of its kind in the country and one that is still a model for colleges and universities nationwide.

Mt. Holyoke presently has 35 to 45 students enrolled in the program each year.

Internships and field work form the basis of her teaching philosophy and "she's an expert on everything," according to her students.

Professor Schuck sees the women's movement as directed at changing the whole nature and character of society; not merely evolving around competition with men.

"We cannot be simply imitators," she says. says.

She believes that not all women in politics are sure they want to be associated with the movement perhaps because they misunderstand its nature and its aim.

But she also sees less apprehension develoiping as the movement continues.

Having published more than 60 articles, monographs and reviews in professional journals such as the "New Republic," Victoria Schuck brought the academic world into the political arena and in turn the world of politics to the campus.

[From Choragos, May 16, 1974]

AFTER 25 YEARS, AN ACTIVIST DEPARTS

(By Dana Fields)

With her designer suits and her elegant rendering of the English language, you might peg her as a conservative. She, on the other hand, considers herself a radical. After you've known her for a while, you have to concede the fact that Victoria Schuck is

probably unlike anyone else you've ever known. She's a woman who is not easily categorized.

Ms. Schuck's biography contains a list of credits that would be a lengthy story in themselves; however, let it suffice to say that with her broad political background, she gives her students a unique education in political theory soundly based in the real workings of government.

A graduate of Stanford University, Ms. Schuck came to Mount Holyoke in 1949, and immediately launched the Washington Internship program, the first of its kind in the country. Did she encounter any problems convincing officials and agencies of the worth of the program?

"Oh yes, it was very revolutionary in the beginning," Ms. Schuck said. "I managed to place four interns originally. When I went in to explain the idea to Jacob Javitz, who was then a Congressman, he was somewhat skeptical; but he decided to give it a try.

"During the '50's, relatively few students joined the program. But each succeeding decade saw more, until now we have from thirty-five to forty-six students each year."

The internship program's biggest problem, one which has yet to be alleviated, is money. Ms. Schuck said that one of her classmates from Stanford, now a well-known heart specialist has been contributing $1,000 a year to the program, and last year the father of one of the interns gave an anonymous "five figure" grant. Still, Ms. Schuck feels that it would detract from the academic value of the experience for students to accept paid positions in lieu of the traditionally unpaid internships.

"Anyone holding a paying job has to produce what the office needs, be it typing or filing," Ms. Schuck said. "But the internship is an academic experience regardless of what the federal budget is for an agency. Interns are always placed with the person nearest the top in an agency—that's where the action is. The student has the opportunity to become part of the agency's policy-determining team."

A student does not have to become part of the internship program to benefit from Ms. Schuck's practical political experience. Her classes always feature field work, which for many students is the main attraction of a "Schuck course."

Ms. Schuck calls field work "the development of the discipline of political science. The extension through empirical theory to behavioralism, rests upon data derived from field work. My aim has been to introduce students to the original data of political science. Of course I consider normative theory important; but it is only a part of political science."

Not surprisingly, Ms. Schuck's favorite topics include women, politics, and the combination of the two. In her writing and in her thinking, her theme is "the free and autonomous woman."

"The women's movement is the most significant of our time," she asserted. "My judgment is that the women's movement is directed at changing the whole nature and character of society. The movement is not merely content to be competitive with men. We discovered in the Twenties that this kind of thing didn't work.

"It is not enough now for women to be able merely to compete with men! We cannot be simply imitators, with the purpose of proving that 'anything you can do, we can do as well.'"

The point is that women must be recognized as possessing special qualities that enable them to bring a unique perspective to jobs traditionally handled by men. And in no way does a woman who takes on what has always been a man's job have to become more masculine.

"No woman has to be 'masculined' in any career," Ms. Schuck asserted. Turning to the situation of women in politics, Ms. Schuck said that of the present women in Congress, "not one whom I know of is masculinized.

"Consider Margaret Chase Smith, who is one of two women ever to be elected to the Senate on her own—she has always been just as feminine as could be. She was the ranking member of the Senate Armed Services Committee, and chairwoman of the Republican Conference, but she was entirely feminine."

Still, not all women in politics are sure they want to be associated with the women's movement, perhaps because of their own misunderstanding of the movement and its aims.

"But young women are eager to identify with the movement; this is particularly true of women in the state legislatures," Ms. Schuck said. "This doesn't mean they have to confine themselves to liberation issues, such as ERA and abortion. They support a wide spectrum of issues.

"A number of women are not sure that in campaigning it's the best thing to be associated with the liberation group. In my judgment, as the movement continues there will be less apprehension about identifying with that group."

Bringing the women's issue home to Mount Holyoke, Ms. Schuck chastised the women's colleges for having been reactionary rather than revolutionary in Feminism.

"Women's colleges have never taken the lead in any aspect of the women's movement. Rather, they have reacted. But I have hope that by concerted action of the women's colleges, we will today seize the opportunity to have a role in directing the women's movement.

"I would like to see a lot of brainstorming in the future," Ms. Schuck continued, "with conferences among the women's colleges about curriculum. Don't misunderstand—I don't look forward to obliterating the traditional disciplines, but rather to utilizing them for this new purpose. In academia, this would mean in part the hiring of more full and part-time women professors, the joint appointment of husband and wife teams.

"The education of women must be more than just consciousness-raising. I would like to regard Mount Holyoke's decision to remain a women's college as a radical decision, not one of maintaining the status quo."

CONTINUING SUPPORT FOR FREE CHINA: CONTINUING PEACE FOR EAST ASIA

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. ASHBROOK. Mr. Speaker, in a letter published in the New York Times, Prof. John K. Fairbank called on the U.S. Government to open an embassy in Peking and downgrade our present embassy in the Republic of China. Prof. David N. Rowe of Yale University, a well-known expert on China, has written to the New York Times stating why this should not be done.

Several individuals have called for diplomatic recognition of Peking at the cost of giving up diplomatic recognition of Free China. Free China is the hope of the future for the Chinese on Taiwan and on the mainland. We should do nothing to harm that.

At this point I include in the RECORD the text of Professor Rowe's letter and commend it to the attention of all my colleagues:

YALE UNIVERSITY,
New Haven, Conn., August 2, 1974.

To the Editor:

Prof. J. K. Fairbank (letter July 29) disapproves of the idea of two U.S. embassies, one in Taipei and one in Peking, saying that such a policy "would undo the Washington-Peking rapprochement." Instead, he wants a U.S. embassy in Peking and a U.S. office in Taipei "acting like a consulate general," but as an historian he should remember that after recognizing Communist China in 1950 and setitng up diplomatic representation in Peking the British kept a Consulate in Taiwan only to be forced later to close it down under pressure from Mao Tse-tung. This is not a very favorable precedent for the type of dual representation Prof. Fairbank urges.

In very fact, the current posture of the U.S. toward the two rival Chinese regimes is based on an analysis of the world power situation. There seems no doubt, for example, that a major consideration behind the Nixon shift toward rapprochement with Peking was the need to try to bolster it, even if only politically, against the Russian threat from the north. This attempt to take the side of the weaker against the stronger may or may not work in the long run, but it is being tried.

Similarly, in the interests of preventing another war in East Asia, it seems not only logical but absolutely essential to support militarily the Nationalists on Taiwan against the mainland Communists. The Chinese Communists have never been willing to renounce the use of force to solve the "Taiwan question," and have emphatically stated before the United Nations their intent to "liberate" it and that "no force on earth can stop" them from doing so.

For twenty-five years the U.S., in its various contacts with the Mao regime, has constantly tried to get it to agree to settle the "Taiwan question" only by peaceful means, but they have never consented. Nothing in the content or conduct of the Nixon-Mao diplomacy today indicates anything but a continued resolve by Mao and his followers to take over Taiwan by force, liquidate the government there, and bring nearly sixteen million more Chinese under their tyrannical rule.

Therefore, Nixon's policy, aimed at peace, naturally is to keep in force all our various guarantees to the Nationalist government in Taipei, including the Treaty of 1954–55 which guarantees the security of Taiwan and the Pescadores against any attack from any source. If Taipei is to be "de-recognized" and diplomatic relations severed with it, the Treaty goes down the drain, as you don't have treaties of mutual defense with regimes you don't recognize. That would undoubtedly be a signal to the Chinese Communists to unleash a military attack against the Republic of China in an attempt to destroy it and impose their rule on still more Chinese who are totally unwilling to be governed by them.

I agree with Prof. Fairbank about the power of "revolutionary nationalism" as a political sentiment of all Chinese. But human freedom has an even more powerful appeal to them. To support it we must keep on practicing intervention in Chinese affairs. We must stand behind the Nationalists who increasingly provide freedom to the Chinese people today and give it its only viable prospect for the future. We have to go on doing this whether Mao Tse-tung likes it or not.

By the way, how about having two U.S. embassies, one in Bonn and the other in the

capital of Communist East Germany? Would that be an "intervention" in the internal affairs of what today does not exist, namely a united German state? Two U.S. embassies on German soil would be possible at least partly because "interventionist" U.S. keeps large military forces on the soil of Europe and thus helps prevent the destruction of West Germany by Communist aggression.

We should continue to do the same thing for Taiwan and the Pescadores. And if other nearby areas come under Chinese Communist threat of attack clearly as part of a military threat to Taiwan and the Pescadores, we should help defend those other areas also, as authorized by Congressional resolve going all the way back to 1955.

DAVID N. ROWE.

HOUSE OF REPRESENTATIVES—*Thursday, August 15, 1974*

The House met at 11 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Let not mercy and truth forsake thee: Bind them about thy neck; write them upon the table of thine heart.—Proverbs 3: 3.

Eternal Father, who art the life of our souls and the love which from our birth over and around us lies, with grateful hearts we greet the sunrise of a new day robed in the blooming garb of summer.

Strengthen us for the tasks of this day and sustain us that in all our endeavors on behalf of our country we may not faint nor falter by the way.

In the stress and strain of daily duties may we be channels for Thy grace, with honor bright and hearts pure, playing our full part in the life of our time and when we are called to take a stand may it be for "truth and righteousness and Thee." For Thine is the kingdom, and the power, and the glory forever. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

AUGUST 15, 1974.

HON. CARL ALBERT,
The Speaker,
House of Representatives.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received in the Clerk's Office at 8:30 p.m. on Wednesday, August 14, 1974, and said to contain H.R. 11873, an act to authorize the Secretary of Agriculture to encourage and assist the several States in carrying out a program of animal health research, and a veto message thereon.

With kind regards, I am

Sincerely,

W. PAT JENNINGS,
Clerk, House of Representatives.

H.R. 11873, ANIMAL HEALTH RESEARCH AUTHORIZATION ACT—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93-337)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning today without my approval H.R. 11873, an act authorizing the Secretary of Agriculture to encourage and assist States in carrying out programs of animal health research.

I believe, as do proponents of this bill, that veterinary research has helped to make American livestock the healthiest and most productive in the world. We must continue to maintain high standards of research.

But I also believe that this bill adds little to the existing programs of the Department of Agriculture and other agencies.

We are presently spending over $40 million on programs involving animal health research, and nearly every land grant college and colleges of veterinary medicine in the United States is participating in these programs.

This bill, however, would establish a new categorical grant program that would authorize an expenditure of an additional $47 million annually and would be duplicative of many programs that already exist. The overlapping would be especially true of programs in fish and shellfish research and predator control.

Because this bill would add further to the Federal taxpayers' burdens without significantly meeting national needs and would only add to inflationary pressures within the economy, I feel that I must withhold my approval.

GERALD R. FORD.

THE WHITE HOUSE, *August 14, 1974.*

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Mr. POAGE. Mr. Speaker, I ask unanimous consent that the President's message and the accompanying bill be referred to the Committee on Agriculture and ordered to be printed as a House document.

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

There was no objection.

EFFECTIVE IMMEDIATELY

To All Members of the House of Representatives:

All statements for Extensions of Remarks, as well as copy for the body of the Congressional Record must be submitted on the Floor of the House to the Official Reporters of Debates and must carry the actual signature of the Member. Materials will be accepted up to 15 minutes after adjournment of the House. Transcripts still out for corrections must be turned in by 9:00 p.m. to the Office of the Official Reporters of Debates, Room H-132, U.S. Capitol.

Recent abuses necessitate this directive and the Joint Committee on Printing asks your full cooperation with its implementation.

WAYNE L. HAYS,
Chairman, Joint Committee on Printing.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 15581, DISTRICT OF COLUMBIA APPROPRIATIONS, 1975

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 15581) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes.

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

There was no objection.

CONFERENCE REPORT (H. REPT. NO. 93-1291)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15581) "making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 12, 13, 14, and 19.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 6, 8, 10, 15, 16, 17, and 18, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amend-