SENATE—*Thursday, December 5, 1974*

The Senate met at 10 a.m. and was called to order by Hon. HOWARD M. METZENBAUM, a Senator from the State of Ohio.

PRAYER

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

Eternal God who has brought us to this season of great expectation, prepare our hearts to welcome Thy coming again in the person of Thy Son. Look upon us in compassion. Forgive our sins. Form a right spirit within us and guide our feet in the way of peace. Put to shame those who would make darkness to be light and light to be darkness. Confound those in whom lust for wealth or power threatens new disasters. Open the eyes of those who are blinded by ignorance, fear, or prejudice. Bring good tidings to the poor, heal the brokenhearted, and fill with rejoicing all workers of good. Let the whole Earth be filled with Thy praise, O Lord, almighty and everlasting God; and unto Thee be glory and majesty, dominion and power, now and forever. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., December 5, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. HOWARD M. METZENBAUM, a Senator from the State of Ohio, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

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

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, December 4, 1974, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the calendar under "New Reports," beginning with the Mississippi River Commission.

There being no objection, the Senate proceeded to the consideration of executive business.

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

MISSISSIPPI RIVER COMMISSION

The second assistant legislative clerk read the nomination of Maj. Gen. Francis Paul Koisch, U.S. Army, to be a member and president of the Mississippi River Commission.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Wilmer Richard Hall, of Tennessee, to be a member of the Mississippi River Commission.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nominations.

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

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

NONLEGISLATIVE PERIODS, CALENDAR YEAR 1975

Mr. MANSFIELD. Mr. President, on yesterday, the joint leadership of the Senate met with interested Senators; and as a result, I ask unanimous consent to have printed in the RECORD the nonlegislative periods, calendar year 1975. As an addendum to that, may I say that the Lincoln's Birthday period which had been previously announced is now null and void and that the newly announced schedule will be the one which will be in effect.

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

NONLEGISLATIVE PERIODS, CALENDAR YEAR 1975

Congress will reconvene at Noon on January 14.

Lincoln's Birthday (Wednesday, February 12)—From conclusion of business Friday, February 7, until Monday, February 17.

Easter (Sunday, March 30)—From conclusion of business Friday, March 21, until Monday, April 7.

Memorial Day (Monday, May 26)—From conclusion of business Friday, May 23 until Monday, June 2.

July 4 (Friday)—From conclusion of business Friday, June 27, until Monday, July 7.

August Recess—From conclusion of business Friday, August 1, until Wednesday, September 3.

October—From conclusion of business Friday, October 10, until Monday, October 20.

Veterans Day—(One day only).

Thanksgiving (Thursday, November 27)—From conclusion of business Friday, November 21, until Monday, December 1.

QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

VISIT TO THE PEOPLE'S REPUBLIC OF CHINA

Mr. MANSFIELD. Mr. President, on Friday, December 6, 1974, I expect to leave for the People's Republic of China. During the course of this journey, I will go to Peking and several other Chinese cities.

I have had the impending visit under consideration with Chinese officials and the executive branch for many months. It is undertaken at this time with the full concurrence and support of the President and the Secretary of State. It represents a continuance of the effort to maintain and develop the bipartisan approach which has characterized the rapprochement with China from the beginning.

In China, it is my intention to hold conversations with Chinese leaders on the current state of Sino-United States normalization as well as on the situation in the Western Pacific. I also hope to gain greater familiarity with the Chinese system, particularly by visits to autonomous regions. It is also my hope that my presence in China, as the leader of the majority party in the Senate, will serve to reaffirm the nonpartisan character of U.S. policy with respect to China and the irreversibility of the course of normalization.

Such enlightenment as is obtained during the course of this mission will be communicated in the form of reports and recommendations to the President and the Senate. It will also be made available to the Commission on the Organization of the Government for the Conduct of Foreign Policy.

At my request, the following persons will accompany me to China. Many have been with me on previous Presidential missions. The professional members have all had extensive experience in the international affairs of the Western Pacific.

Hon. MIKE MANSFIELD, majority leader, U.S. Senate;

Mrs. Maureen Mansfield;

Mrs. Jane B. Engelhard, member of the Commission on the Organization of the Government for the Conduct of Foreign Policy—on which I also serve;

Mrs. Salpee Sahagian, assistant to the majority leader, who has accompanied me on Presidential trips covering the

tenures of Presidents Kennedy, Johnson, and Nixon;

Hon. Francis R. Valeo, Secretary of the U.S. Senate, who also accompanied me on those three Presidential trips;

Mr. Norvill Jones, professional staff member of the Senate Foreign Relations Committee, who accompanied me to China on the last trip;

Hon. Francis E. Meloy, U.S. Ambassador to Guatemala, who accompanied me on Presidential trips for Presidents Kennedy and Johnson;

Hon. John M. Thomas, Assistant Secretary for Administration, U.S. Department of State;

RADM Freeman H. Cary, MC, USNR—attending physician of the Capitol; and

Miss Dixie M. Grimes, Secretary, U.S. Department of State.

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

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

Mr. GRIFFIN. Mr. President, will the Senator withhold that?

Mr. MANSFIELD. I withdraw it.

Mr. GRIFFIN. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, the trip of the majority leader and others to China should go a long way toward improving the already better relations which we have with the People's Republic of China. I know that if anyone can help with the situation, it is the majority leader. He understands the people, and I think they know him; so we want to wish him well on this trip, and I know that he will bring back a very constructive report for the incoming Congress.

Mr. MANSFIELD. I thank the distinguished Senator from Vermont. May I say it is my intention to make written reports as well as an oral report to the President and the Secretary of State, a written report for the information of the Senate, and a written report to the Commission on the Organization of the Government for the Conduct of Foreign Policy.

Mr. AIKEN. And may I also warn the majority leader, if he does not already know it—as I think he does—that it is very difficult to eat rice with chopsticks.

Mr. GRIFFIN. Mr. President, I wish to be associated with the remarks of the distinguished dean of the Senate, the Senator from Vermont (Mr. AIKEN). I join him in his indication that the distinguished majority leader goes on this trip with the support and best wishes of both parties in the Senate as well as the administration.

Last year, along with some other Members of Congress, I had the opportunities to visit the People's Republic of China and several other countries in that part of the world. I can say that it was impressive to this junior Senator from Michigan to find and confirm that the distinguished majority leader, is not only well known and well respected in Montana and in the United States of America, but also in the Far East. He is a person who speaks with authority, not only because of his position, but also, because of his experience, background, and the personal relationships he has established over the years in that part of the world. He is in a position not only to influence, but to assist importantly in the implementation of U.S. foreign policy, particularly with respect to that part of the world.

So, from both sides of the aisle, we wish the majority leader bon voyage, and we look forward to his return and his report.

Mr. MANSFIELD. Mr. President, I cannot express in words how much I appreciate the good wishes and the expressions of concern for me personally which have just been made by the distinguished Senator from Vermont, my longtime friend—I guess we have had our last breakfast as Senators together this morning, a custom that goes back 22 years—and my distinguished friend the acting minority leader. I thank them for the kind expressions which they have given at this time.

Mr. President, I ask unanimous consent that the time allocated to the distinguished Senator from North Carolina (Mr. HELMS) be vitiated, and that the remaining time allocated to the distinguished Senator from Michigan and the Senator from Montana now speaking be vitiated.

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

ROUTINE MORNING BUSINESS

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

MESSAGES FROM THE HOUSE

At 11:15 a.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 8352) to establish the Cascade Head Scenic-Research Area in the State of Oregon, and for other purposes, with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House has passed the bill (H.R. 17505) to rescind certain budget authority recommended in the messages of the President of September 20, 1974 (H. Doc. 93–361), October 4, 1974 (H. Doc. 93–365) and November 13, 1974 (H. Doc. 93–387), transmitted pursuant to section 1012 of the Impoundment Control Act of 1974, in which it requests the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker has signed the following enrolled bills and joint resolution:

S. 433. An act to amend the Public Health Service Act to assure that the public is provided with safe drinking water, and for other purposes;

S. 3537. An act to modify section 204 of the Flood Control Act of 1965 (79 Stat. 1085); and

H.J. Res. 444. Joint resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project.

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

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

S. 4141. A bill authorizing the erection of a statue to commemorate the founding of Marine Barracks, Washington, District of Columbia, by President Thomas Jefferson (Rept. No. 93–1310).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. TAFT (for himself, Mr. TOWER, Mr. JAVITS, Mr. HATFIELD and Mr. BEALL):

S. 4214. A bill to amend section 313 of the National Housing Act, as amended by the Emergency Home Purchase Assistance Act of 1974, to authorize GNMA, under the emergency program authorized by that section, to purchase certain mortgages covering multifamily rental, cooperative or condominium housing. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. CRANSTON (for himself and Mr. TUNNEY):

S. 4215. A bill to study certain lands in the Sierra National Forest, Calif., for possible inclusion in the national wilderness preservation system. Referred to the Committee on Interior and Insular Affairs.

By Mr. McGOVERN (for himself, Mr. TALMADGE, Mr. MAGNUSON, Mr. BAYH, Mr. CLARK, Mr. EAGLETON, Mr. EASTLAND, Mr. HATFIELD, Mr. HELMS, Mr. HUGHES, Mr. HUMPHREY, Mr. METCALF, Mr. MONDALE, Mr. NELSON, Mr. NUNN, Mr. SPARKMAN, Mr. STENNIS, Mr. STEVENSON, Mr. SYMINGTON, Mr. TUNNEY, Mr. CRANSTON, and Mr. MUSKIE):

S. 4216. A bill to provide a priority system for certain agricultural uses of natural gas. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TAFT (for himself, Mr. TOWER, Mr. JAVITS, Mr. HATFIELD, and Mr. BEALL):

S. 4214. A bill to amend section 313 of the National Housing Act, as amended by the Emergency Home Purchase Assistance Act of 1974, to authorize GNMA, under the emergency program authorized by that section, to purchase certain mortgages covering multifamily rental, cooperative, or condominium housing. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. TAFT. Mr. President, today I am introducing legislation which would bring apartments, cooperatives, and condominiums not insured by FHA or VA into the emergency 8¼-percent interest, Government mortgage purchase program which Congress authorized several weeks ago.

This bill is similar to an amendment I offered when the emergency housing legislation was before the Senate last month. I withdrew the amendment at the request of the bill's managers at that time, in view of the necessity for prompt passage of the legislation and the lack of time for review of the ramifications of my amendment. Since that time, however, President Ford has requested Congress several times to pass legislation such as the bill I am introducing. I see no reason why we cannot give the proposal our concentrated immediate attention, in view of the importance of prompt action.

Congress and the public are becoming all too familiar with the magnitude of the housing depression. The estimated number of housing starts for both 1974 and 1975 will be more than 1 million starts lower than the estimated number necessary to fulfill housing needs. This situation has already led to unemployment almost twice the national average in the housing construction industry, which in turn has had unemployment effects upon related industries.

To a large extent, this situation has developed as a result of the tight money policy used by the Government to fight inflation. It is incumbent upon the Government to take all reasonable action, within the bounds of fiscal prudence, to alleviate the situation.

Although the 100,000 units the emergency program is expected to supply obviously do not constitute the total answer to the housing depression, passage by Congress of that program was certainly a step in the right direction. However, the exclusion of conventionally financed apartments and condominium units from the program diminishes its possible effectiveness considerably in terms of sheer numbers, 37 percent of the housing units started in 1973 were apartments, while the percentage of condominium units is expected to reach 16 percent of housing starts in 1975. Since only a small portion of these units were or will be insured by FHA or VA, the emergency program presently excludes entirely a major portion of the housing sector. This is even more true with respect to condominiums for Ohio than for the Nation as a whole; 28.7 percent of all 1973 housing completions in Ohio were condominium units.

The exclusion of conventionally financed rental projects is particularly damaging, because activity in the multifamily sector has declined much more drastically than building of single family housing. While single family starts are expected to drop 26 percent this year, multifamily starts are expected to drop 42.5 percent. The proportion of rental units in the mix housing started in 1975 is expected to decline to 26 percent. This percentage is the lowest apartment share of new housing starts in 14 years. It constitutes the lowest number of apartment units started in any year since 1961.

The weakness in the apartment portion of the housing sector is particularly acute in the north central region of the country, which had only 30 percent of total starts in multifamily units in the first half of 1974 compared to 39 percent in 1973. Ohio's experience certainly reflects this. Thomas Phillips of the Ohio Homebuilders' Association was reported in a Cleveland Plain Dealer article of October 31 to have presented figures to a committee of the Ohio Legislature which indicated that Cincinnati's total apartment housing starts were virtually zero, while Cleveland had had no starts on apartment dwellings since August.

Quite apart from the argument that inclusion of apartments and condominium units would allow the program to provide a greater overall number of housing units, I believe that there are extremely important reasons why these specific types of housing should be included. Recent studies have verified that multifamily structures are more economical in several ways than single family housing. They seem particularly suited to the present situation of land scarcity in many cities, energy shortages and rampant inflation. Condominium units often constitute a relatively cheap form of homeownership. They also provide a disproportionately large amount of housing for our elderly citizens.

There is no question that because of the higher individual mortgage amounts involved and the much greater number of variables which contribute to their financial soundness or lack thereof, multifamily projects involve a greater financing risk for the Government than single-family housing. To help reduce that risk, this bill limits the maximum mortgage loan to appraised value ceiling for mortgages covering conventionally financed projects to 75 percent rather than 80 percent as the program allows for FHA-insured projects. In addition to this step, HUD personnel have commented informally that the Government might use the authority contained in my bill to purchase senior participations in project mortgages. In other words, rather than assuming the entire mortgage loan, the Government might share the financing risk with the private sector by covering only a part of the mortgage loan amount needed. The desirability of administering the program in this manner certainly should be explored further.

This legislation recognizes that a significant increase in multifamily- and condominium-unit starts is not likely to be accomplished through the emergency program if developers must go through FHA as a condition for the emergency assistance. Provision of Federal assistance for these types of conventional units raises more important questions with respect to entire projects than to individual condominium units, because in the case of the projects the issue directly involves important concerns such as the necessity for a Federal environmental impact statement. In view of the emergency need for increased rental- and condominium-unit starts, the presence of local regulatory requirements in any event and the temporary nature of the emergency program, it is my judgment that the FHA insurance requirements must not remain a condition for project assistance under this program.

This legislation would bring apartments and condominium units into the program under the program rules basically used for similar types of housing now, with some minor exceptions. As I have explained, the maximum mortgage loan to appraised value ratio would be lower for conventional projects than for FHA-insured projects. In addition, HUD specifically would be given the authority to impose any further requirements needed to protect consumers or to protect the Government's financial interest. Conversion of existing apartments into condominiums or cooperatives would continue to be excluded from the emergency program.

I ask unanimous consent that an October 24 editorial from the Dayton Journal Herald which emphasizes some of the drawbacks of limiting the present emergency program largely to single-family housing, as well as a copy of the legislation itself, be printed in the RECORD at this point.

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

URBAN SPRAWL: FEDERAL CONTRADICTIONS ON GROWTH

Urban sprawl is not only bad aesthetics, a new federal study shows, it is bad economics. The report, which was done for the Dept. of Housing and Urban Development, the Council on Environmental Quality and the Environmental Protection Agency, says that planned growth can save up to 50 percent in land and construction costs, energy consumption and pollution.

Indeed, the single-family home on its own lot is so much more expensive to build and maintain that one wonders why new subdivisions continue to spring up like mushrooms.

One answer is that the government continues to subsidize the construction of new homes in new suburbs. Indeed, President Ford just signed into a law a bill providing $3 billion for the purchase by the federal government of conventional home mortgages—it already buys FHA and VA mortgages. Government officials expect the funds will encourage the construction of about 100,000 new homes.

We should not want to curb free choice in the matter of lifestyle, including the kind of homes people buy. We do believe, however, that the government should not subsidize, and therefore make more attractive, the kind of wasteful growth characterized by subdivisions of single-family dwellings. And it is a little absurd to see the federal government doing this with one hand while the other hand is pointing the finger in rebuke.

S. 4214

A bill to amend section 313 of the National Housing Act, as added by the Emergency Home Purchase Assistance Act of 1974, to authorize GNMA, under the emergency program authorized by the section, to purchase certain mortgages covering multifamily rental, cooperative or condominium housing

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 313 of the National Housing Act is amended by adding at the end thereof a new subsection (h) as follows:

"(h) Notwithstanding the provisions of subsection (b), the Association may make commitments to purchase and purchase, and may service, sell (with or without recourse) or otherwise deal in, a mortgage which covers more than four-family residences (including residences in a cooperative or condo-

minium), or a single-family unit in a condominium, and which is not insured under the National Housing Act of guaranteed under chapter 37 of title 38 of the United States Code if—

"(1) in the case of a project mortgage, the principal obligation of the mortgage does not exceed, for that part of the property attributable to dwelling use, the lesser of the per unit amount specified in subsection (b) (B) or the per unit limitations specified in section 207 of this Act in the case of a mortgage covering a rental project, section 213 in the case of a cooperative project, or section 234 in the case of a condominium project;

"(2) in the cause of a mortgage covering a housing project, the outstanding principal balance of the mortgage does not exceed 75 per centum of the value of the property securing such mortgage (or 80 per centum if such mortgage is insured by a qualified private insurer as determined by the Association);

"(3) in the case of a mortgage covering an individual condominium unit, the mortgage is insured by a qualified private insurer as determined by the Association or has an outstanding principal balance which does not exceed 80 per centum of the value of the property securing the mortgage;

"(4) the mortgage is not being used to finance the conversion of existing rental housing into a condominium or individual unit therein or into a cooperative project; and

"(5) the mortgage meets the requirements of subsection (b) except as modified by this subsection and any additional requirements the Secretary may prescribe to protect the interests of the United States or to protect consumers."

By Mr. CRANSTON (for himself and Mr. TUNNEY):

S. 4215. A bill to study certain lands in the Sierra National Forest, Calif., for possible inclusion in the national wilderness preservation system. Referred to the Committee on Interior and Insular Affairs.

Mr. CRANSTON. Mr. President, I introduce for appropriate reference a bill to study the Kaiser Area of the Sierra National Forest, Calif., for possible addition to the national wilderness preservation system. I am pleased that my colleague from California (Mr. TUNNEY) is joining me as cosponsor of this bill.

The Kaiser Area proposed for study under this bill comprises approximately 28,000 acres of roadless national forest land. It is an area of high quality scenic beauty, with small lakes, grassy meadows, a glacial ridge, and snowcapped crest. The majority of the Kaiser Area is covered with a mixed conifer forest with vegetation varying from pine at the lower elevations to true fir at the higher elevations.

This wilderness environment is just 2 hours from Fresno and 5 hours from San Francisco and Los Angeles. More specifically, the Kaiser Area lies adjacent to the developed vacation community on the north shore of Huntington Lake—an area which annually serves 20,000 campers, 400 cabin owners and their families, and visitors to a Boy Scout camp, a religious retreat and several other organizational camps.

Because of its beauty and proximity to urban areas of California, the Kaiser Area has long been popular with hikers, backpackers, fishermen, and hunters. In addition, the accessibility from the Huntington Lake Basin development affords an excellent high Sierra wilderness experience for many who are unable to reach more remote forest lands. Here even an elderly person could spend an afternoon or an hour in the solitude of a virgin forest.

However, the future of this pristine region is in question. The Forest Service presently proposes two timber sales in the Kaiser Area—the north shore of Huntington Lake sales and the Aspen-Horsethief timber sales. If the logging takes place, longterm damage might well be done to the area and the opportunity for wilderness classification will be lost forever.

While wilderness designation was one of the alternatives considered by the Forest Service in the environmental impact statements on the proposed timber sales, many have expressed concern that this consideration was given only after a policy decision had been made to log large portions of the Kaiser roadless area.

Again, when the Forest Service inventoried national forest lands as part of its preliminary wilderness review, the Kaiser Area was not recommended for inclusion among the new study areas, in a large part because of the interest in the commercial timber in the area.

Given the strong local support for preservation of the Kaiser Area as wilderness, I believe the wilderness potential of the entire 28,000-acre area should be carefully and thoroughly studied, separate of any other contemplated action. The bill I am introducing today would provide for the study, on the basis of which we can more accurately determine the value of designating the Kaiser Area as wilderness.

By Mr. McGOVERN (for himself, Mr. TALMADGE, Mr. MAGNUSON, Mr. BAYH, Mr. CLARK, Mr. EAGLETON, Mr. EASTLAND, Mr. HATFIELD, Mr. HELMS, Mr. HUGHES, Mr. HUMPHREY, Mr. METCALF, Mr. MONDALE, Mr. NELSON, Mr. NUNN, Mr. SPARKMAN, Mr. STENNIS, Mr. STEVENSON, Mr. SYMINGTON, Mr. TUNNEY, Mr. CRANSTON, and Mr. MUSKIE):

S. 4216. A bill to provide a priority system for certain agricultural uses of natural gas. Referred to the Committee on Commerce.

NATURAL GAS AGRICULTURAL PRIORITY ACT

Mr. McGOVERN. Mr. President, Senator HERMAN E. TALMADGE, chairman of our Senate Committee on Agriculture and Forestry, had hoped to be present today to introduce a bill he has developed to provide a priority system for certain agricultural uses of natural gas. However, due to illness, Senator TALMADGE will not be present today and, therefore, has asked me to introduce the bill for him, myself, and the following other Senators: Mr. MAGNUSON, Mr. BAYH, Mr. CLARK, Mr. EAGLETON, Mr. EASTLAND, Mr. HATFIELD, Mr. HELMS, Mr. HUGHES, Mr. HUMPHREY, Mr. METCALF, Mr. MONDALE, Mr. NELSON, Mr. NUNN, Mr. SPARKMAN, Mr. STENNIS, Mr. STEVENSON, Mr. SYMINGTON, Mr. TUNNEY, Mr. CRANSTON, and Mr. MUSKIE.

Mr. President, I ask unanimous consent that the full text of this bill and Senator TALMADGE's statement be printed following these remarks. I also ask unanimous consent that the names of the Senators sponsoring this bill be listed in the order listed above when the bill is printed.

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

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

A bill to provide priority system for certain agricultural uses of natural gas

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 "Natural Gas Agricultural Priority Act".

SEC. 2. The Natural Gas Act, as amended (52 Stat. 821; 15 U.S.C. 717 et seq.), is amended by inserting immediately after section 22 the following new sections:

"NATURAL GAS FOR ESSENTIAL AGRICULTURAL PURPOSES

"SEC. 22 a. (a) Notwithstanding any other provision of law or of any natural gas allocation or curtailment plan in effect under existing law, the Commission shall prohibit any interruption or curtailment of natural gas and take such other steps as are necessary to assure as soon as possible the availability in interstate commerce of sufficient quantities of natural gas for use as a raw material feedstock or process fuel in the production of fertilizer (including materials utilized in the production of fertilizer such as sulphur), animal feed grade chemicals including defluorinated phosphates and urea), essential agricultural chemicals, and for use in agricultural crop drying, in existing plants (for present or expanded capacity) and in new plants. All such uses are referred to in this Act as "agricultural requirements." Any priority granted under this section shall also apply to the use of natural gas to meet existing boiler fuel capacity needs of such agricultural requirements: *Provided,* That it is not feasible to meet such existing boiler fuel requirements with an alternate fuel (other than propane). As used in this section, "sufficient quantities of natural gas" means the amounts of natural gas which the Secretary of Agriculture certifies to the Commission are necessary (1) to meet such agricultural requirements domestically; (2) to meet certain United States export requirements that are important to maintain, or expand United States imports of materials which are similarly essential to the production of food; and (3) to carry out certain humanitarian objectives in friendly countries under the Agricultural Trade Development and Assistance Act of 1954, as amended, except to the extent that any such amounts are required to maintain natural gas service to existing residential and small commercial users.

"(b) Notwithstanding any other provision of law, the rule implemented by the Commission pursuant to subsection (a) of this section shall also apply with respect to the availability of natural gas sold in intrastate commerce in any State which has not, within ninety days after the date of enactment of this section, adopted a rule to implement the purposes of subsection (a). The Commission shall formulate rules and regulations to implement this section.

"(c) In implementing the provisions of this section with respect to intrastate commerce, the Commission shall apply the provisions of section 17 of this Act.

"(d) Nothing in this section shall impair any requirement in any State or Federal law pertaining to safety or environmental protection, and the Commission, in carrying out this section shall not assume that there will be any lessening of safety or environmental requirements established pursuant to State or Federal law.

"NATURAL GAS CONSERVATION

"SEC. 22 b. The Commission by rule shall prohibit boiler fuel use of natural gas and propane (except when propane is used for agricultural crop drying purposes) in interstate and intrastate commerce not contracted for prior to the date of enactment of the Natural Gas Agricultural Priority Act by users other than residential or small commercial users unless, upon petition by a user, the Commission determines that—

"(A) such user has a plan to convert as soon as possible to alternative fuels produced in any State; or

"(B) it is not feasible to utilize such alternative fuels at the time of such Commission determination."

DIRECT COMMISSION AUTHORITY OVER AGRICULTURAL REQUIREMENTS FOR NATURAL GAS

SEC. 3. Section 7(a) of the Natural Gas Act, as amended, is amended by inserting immediately after the words "any person or municipality engaged or legally authorized to engage in the local distribution of natural gas or artificial gas to the public," the words "or to meet agricultural requirements as specified in this Act,".

STATEMENT OF SENATOR TALMADGE

NATURAL GAS PRIORITY FOR AGRICULTURAL PRODUCTION

I am introducing a bill today, on behalf of myself and several other Senators, to amend the Natural Gas Act to provide a priority system for certain agricultural uses of natural gas.

The bill I am introducing today would provide for the following:

(1) The establishment of a priority—equal to existing residual users—for the following purposes with respect to access to available natural gas supplies:

Fertilizer production, including for materials utilized in the production of fertilizer, such as sulphur:

Animal feed grade chemical production;

Essential agricultural chemical production (pesticides, herbicides and fungicides); and for

Agricultural crop drying.

(2) This new priority would apply to these activities as it relates to their feedstock and process fuel requirements. It also would apply to their boiler fuel requirements insofar as alternate fuels are not available, except propane.

(3) This new priority would apply to meeting the natural gas requirements of existing plants (for present or expanded capacity) and to meet requirements that would be involved in new plants.

(4) This new priority system would apply to both interstate and intrastate gas supplies. State regulatory agencies having jurisdiction over intrastate natural gas supplies would be given 90 days to adopt rules for implementing the above mentioned agricultural priority system. In the event any State fails to adopt such rules within that period, the Federal Power Commission is required to do so for such State.

(5) A requirement on the Secretary of Agriculture to certify to the Federal Power Commission the "amounts" of natural gas that would be necessary to meet such priority agricultural requirements. The Secretary in determining such "amounts" must take into account U.S. domestic requirements; certain (limited) commercial export requirements; and those "amount" requirements which may be deemed necessary to meet certain foreign humanitarian relief objectives.

(6) A general prohibition against any new contracts being entered into with respect to the use of natural gas and propane as boiler fuel—unless a user demonstrates that he has a plan to convert to an alternate fuel as soon as possible, or that it is not feasible for him to utilize an alternative fuel at such time as the commission is asked to make such a determination.

(7) A provision which would make it possible for these agricultural priority users to file directly with the Federal Power Commission to obtain their priority and which would give the FPC the power to direct the pipeline company to supply whatever gas might be involved in satisfying such requirements.

Also included in the bill is a provision making it clear that nothing in my bill is intended to lessen or waive any Federal or State safety or environmental laws.

I and other members of our Senate Committee on Agriculture and Forestry, have been wrestling with the problems of fertilizer, farm chemicals and other farm input supply for over a year and a half. We have held public hearings, conducted studies, and initiated legislation covering these matters, but the scope and severity of these problems continue.

While we were successful this past year in getting agriculture—including fertilizer and farm chemical production—a top priority under the mandatory Federal fuel allocation regulation program, our success in gaining a similar priority for these same groups as it relates to meeting their natural gas requirements has been limited.

Based in large part upon action taken by our committee, U.S. fertilizer manufacturers this past year were able to obtain swift relief from the Federal Power Commission in obtaining sufficient amounts of natural gas to produce at maximum existing capacity levels. However, despite this accomplishment, many farmers were not able to obtain all of the fertilizer and farm chemicals they required during the 1974 crop year. And had it not been for the inventories on hand at the beginning of the 1974 crop year (the fall of 1973), these shortages would have been even more severe than they turned out to be.

Now, as we enter the 1975 crop year season, inventories of fertilizer and farm chemicals are at minimum levels and producers of these essential farm inputs are again faced with natural gas curtailments, in addition to being unable to obtain additional commitments of natural gas for plant expansion or for new plant capacity which is essential if our Nation is to achieve its food and fiber production goals beginning with the 1975 crop year.

We have nitrogen fertilizer producers in my part of the country such as Columbia Nitrogen, Inc., in Augusta, Georgia; Kaiser Industries in Savannah, Georgia; and the Farmers Chemical Association in Tunis, North Carolina; who have both plans and the money now in hand to expand their nitrogen production facilities if they can obtain additional quantities of natural gas to meet their feedstock and process fuel requirements which are essential in the production of nitrogen fertilizers.

These plants, like many others throughout the nation today, are not only unable to obtain these additional supplies of natural gas, but are faced with curtailment orders which, if implemented, will mean they will not be able to produce even at existing capacity levels. In the case of the farmers chemical association plant in Tunis, North Carolina—which is now obtaining natural gas under a firm contract—a curtailment order has been issued by the Transcontinental Gas Pipeline Corporation, which, if implemented, will close this plant down entirely. This particular plant supplies over 30 percent of all of the nitrogenous fertilizer material now utilized in four Southern States. Last week, the Federal Power Commission denied FCA's petition for emergency relief from this curtailment order, and has now set the matter for hearing.

I have taken time today to go into some of these cases, so that my Senate colleagues and others, can gain a better appreciation of the "policy and procedural paralysis" that our nation is now suffering from, concerning the availability and allocation of natural gas. Unless and until Congress acts to unsnarl this mess, the future food supply of both our Nation and much of the world will be in serious jeopardy.

I believe the bill I have introduced today, if enacted, will help unravel at least those aspects of this mess that relate to certain essential agricultural uses of natural gas by granting such users a priority equal to existing residual users. This priority system would apply to both interstate and intrastate natural gas supplies, which, in my judgment, is essential if we are to avoid imposing the total burden of national shortages of natural gas solely upon interstate suppliers and users. Of the 22 trillion cubic feet of natural gas produced this past year, only 15 trillion cubic feet was subject to regulation by the Federal Power Commission, leaving about 7 trillion cubic feet unregulated in the intrastate market.

Those provisions in my bill relating to the certification requirements that the Secretary of Agriculture must follow in determining the "amounts" of natural gas that are needed for these limited agricultural purposes are designed to assure only those amounts of natural gas that are actually needed to meet U.S. demands and limited export demands—and no more. The priority and certification provisions in my bill would not permit such users to expand or enhance their position in world markets, where today, for instance, in the case of fertilizer, prices are double those now being paid in the U.S. market.

The provisions in my bill prohibiting any future contracts being entered into for use of natural gas or propane as a boiler fuel also is essential, in my judgment, if we are to avoid even more severe shortages of these precious fuels in future years.

Over 3.8 trillion cubic feet of natural gas is being utilized annually today as "boiler fuel" by electrical utilities alone! In most cases, alternative fuels could and should be substituted for such purposes so that future supplies of natural gas can be conserved for those uses where it is essential and where no alternative fuel is feasible.

For the period April, 1974, to March, 1975, the Federal Power Commission estimates a 1.8 trillion cubic foot shortage of natural gas to meet firm contract commitments. This is 55% higher than the shortage was for the preceding year. Therefore, the extent to which we can reduce boiler fuel uses of natural gas in the future will determine in large part whether growing shortages of natural gas can be minimized, if not entirely eliminated.

Many industries and utilities often choose to substitute propane for natural gas during periods when they are subject to natural gas curtailments or interruptions, in that propane, like natural gas, is relatively clean and inexpensive in Btu cost terms. However, such

practices, in my judgment, also must be curtailed, in that liquid petroleum (LP gas) use on our Nation's farms represents a substantial proportion of total LP gas sales. In 1971, farms purchased 17 percent of all LP gas sold. Of the total propane sales alone, farmers purchased 22 percent. Most farm use of propane is for agricultural crop drying with peak demand for use occurring in the last four months of the year. In the Corn Belt, for instance, as much as 90 percent of the annual use of propane for crop drying usually occurs during October through December. The rapid rise in use of propane for crop drying is due to two major factors: (1) Earlier harvest to reduce the uncertainty of losses from field dried corn, and (2) the conversion from harvesting corn in the ear to the more economical field-shelling method. Over 50 percent of U.S. corn is dried on the farm today utilizing propane. About 20 percent of the corn is dried off the farm, of which about half requires propane with the remainder being dried utlizing natural gas. Of course, propane also is used increasingly to dry wheat, soybeans, rice, sorghum, peanuts, and tobacco.

Given the tremendous importance of LP gas for rural home and farm production use, I have included a provision in my bill which also would prohibit any new contracts being entered into for use of propane as "boiler fuel".

I have included the production of farm chemicals in the priority system provided in my bill because here again the availability of these essential farm input products are increasingly in short supply. American farm producers have increasingly and very effectively utilized herbicides, insecticides and fungicides to protect and increase farm output. It is estimated by some USDA scientists that the use of pesticides alone has accounted for at least 20 percent of farm output since 1940.

The use of herbicides has substantially reduced farm land cultivation requirements in the United States, which in terms of fuel saving, means hundreds of millions of gallons of fuel saved that would otherwise be used for such cultivation.

In Committee hearings held last July, representatives from the Federal Energy Administration and other nongovernmental experts projected continued shortages of farm chemicals in future years due to: (1) a sharp reduction in inventories of these farm chemicals, and (2) an expected continuing shortage of raw materials (petrochemical based feedstocks, intermediates, emulsifiers and solvents), most of which materials are derivatives of either petroleum or natural gas. And, as I indicated before, while producers of these materials have already been given a top priority under the Federal Mandatory Fuel Allocation Regulation Program, they have not been extended a similar priority to date as they relate to natural gas, which my bill would now provide.

Animal feed grade chemical production has been included in my bill because, similar to fertilizer and other farm chemicals, their supply has been increasingly threatened due to the shortages of certain raw materials—such as natural gas and phosphoric acid. While the natural gas requirements involved in the production of these feed grade chemicals are very limited, they are nonetheless essential.

All livestock, animals and poultry require these chemicals in their diet. Without them they die: Therefore, if our Nation wishes to continue to enjoy meat, milk and eggs in its daily diet, these chemicals must be made available in sufficient amounts to satisfy the requirements of our Nation's animal and poultry industries.

The bill I am introducing today, of course, will be referred to the Senate Commerce Committee which has legislative jurisdiction over the Natural Gas Act. In working on this bill, the staff of that Committee, has worked very closely with our Senate Agriculture Committee staff. Therefore, I wish to thank the Senate Commerce Committee for their cooperation in the development of this legislation, especially its distinguished Chairman, Senator Warren Magnuson. I understand that the Senate Commerce Committee is currently developing a new comprehensive natural gas bill which the Senate may be asked to vote on before adjournment. I further understand that serious consideration is already being given by that Committee to the inclusion of my bill as part of their more comprehensive bill. I certainly hope that this will be done. Until more natural gas is made available for the agricultural purposes covered by my bill, U.S. farmers will not, in my judgment, be able to achieve our Nation's future food and fiber production goals.

Both Americans and the people of this world are now experiencing food shortages of various kinds. Furthermore, neither the United States nor the rest of the world has much on hand today by way of food reserves. Another crop failure in the United States in 1975, similar to that experienced this year, will result in human and economic chaos both here at home and in most of the world. Therefore, nothing should be permitted to stand in the way of all-out food production, beginning now: Enactment of my bill, in my judgment, is essential to increased food production. And I hope, for the sake of 211 million Americans and the hundreds of millions of people elsewhere in the world that depend upon us for their food, that enough Members of Congress will agree with me so we can look forward to enactment of my bill at the earliest possible date.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 4139

At the request of Mr. CRANSTON, the Senator from Pennsylvania (Mr. SCHWEIKER) was added as a cosponsor of S. 4139, a bill to extend the basic eligibility for GI bill educational assistance under chapter 34, of title 38, United States Code, from 36 to 45 months.

SENATE RESOLUTION 444—SUBMISSION OF A RESOLUTION AUTHORIZING THE PRINTING OF SENATE REPORT RELATING TO NURSING HOME CARE

(Referred to the Committee on Rules and Administration.)

Mr. MOSS submitted the following resolution:

S. RES. 444

Resolved, That there be printed for the use of the Special Committee on Aging Two Thousand Five Hundred copies of its report to the Senate entitled "Nursing Home Care in the United States: Failure in Public Policy (Introductory Report)".

AMENDMENTS SUBMITTED FOR PRINTING

STANDBY AUTHORITIES ACT—S. 3267

AMENDMENT NO. 2006

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

Mr. JACKSON (for himself, Mr. MANSFIELD, Mr. ROBERT C. BYRD, Mr. MAGNUSON, Mr. RANDOLPH, Mr. STEVENSON, Mr. HASKELL, Mr. PASTORE, Mr. NELSON, and Mr. RIBICOFF) submitted an amendment in the nature of a substitute intended to be proposed to the bill (S. 3267) to provide standby emergency authority to assure that the essential energy needs of the United States are met, and for other purposes.

Mr. JACKSON. Mr. President, last winter, this country experienced a significant national trauma in the form of the Arab oil embargo and the quadrupling of world oil prices. Faced with severe energy shortages and spiralling inflation, the Congress responded by passing the national energy emergency bill, S. 2589, which was subsequently vetoed by President Nixon. Without adequate contingency plans or proper authority to manage our energy system, the administration relied on voluntarism to meet the exigencies of the situation, with the result that gas lines grew along with oil company profits.

This winter, we face the very real and immediate prospect of a similar crisis. Renewed hostilities in the Middle East and a renewed embargo is an ever present danger. Furthermore, the OPEC producers predict still further increases in the price of crude oil. These threats come at a time when U.S. domestic oil production is steadily declining and the Nation will be recovering from a coal strike. Such reductions in our energy supply will result in severe economic hardship at the least, and, if prolonged, could push our economy to the brink of depression.

Yet, little has been done to provide for such eventualities. The ethic of energy conservation has been dissipated, the administration still does not have sufficient authority to manage an energy crisis and minimize its adverse impacts, nor have they asked for such authority, although in the executive summary of the Project Independence Blueprint, the FEA recognized the need for such measures as follows:

The domestic supply or demand strategies are cheaper in economic terms than imported oil or any other emergency option.

At either $7 or $11, they have a lower present resource cost than imports and reduce insecure imports.

The least expensive strategy after domestic action is standby conservation or curtailment measures.

Depending on the level of demand in 1985, can cut consumption in response to an embargo by 1–3 MBD; at higher world prices they are less effective because there is less fat in energy consumption; they involve almost no cost when not needed and relatively small bureaucratic costs and some economic impact when implemented; they can be instituted in 60–90 days; in almost all cases, domestic action plus standby measures can eliminate vulnerability.

In the business as usual case at $7 oil, 2–3 MBD will still be susceptible to interruption. At $11 or if some policy actions are not taken, significant imports can still be subject to disruption.

Emergency storage is cost-effective in reducing the impacts of these imports.

Storage for each MBD of insurance would cost $4.7 billion over 10 years, a one MBD interruption for 1 year in that period would cost $33 billion; this cost effectiveness holds for any level of insecure imports, and even if there is only a 1-in-7 chance of one disruption in 10 years.

However, there are now pending before the Senate two bills which if enacted, would provide the necessary authorities for contingency planning and the implementation of emergency supply and conservation measures in the event of major disruptions in our energy supply system. The first of these measures, S. 3267, the Standby Energy Authorities Act, was introduced on March 28, 1974, precisely for this reason. The second bill, S. 4151, would establish a national system of strategic energy reserves, to minimize the impact of disruptions in energy supplies on the Nation's economy and industrial output.

Although the administration earlier opposed these measures, it now recognizes their urgent necessity. Also, the leadership in the Senate on both sides of the aisle has urged passage of standby contingency programs before our energy posture worsens much further.

Today, therefore, in order to be responsive to recent events and to administration needs, I am introducing an amendment in the nature of a substitute to S. 3267, which as I said, the leadership has agreed to support. This amendment strips down S. 3267 to its bare, absolutely essential provisions, includes the essential provisions of S. 4151, with certain additional provisions that are deemed necessary to implement the administration's currently proposed domestic and international energy programs.

This amendment grants to the administration standby authority to implement orderly and equitable programs to restrain energy demand, including end use rationing and other conservation measures, and requires the prompt development of specific recommendations and plans for establishing strategic energy reserves.

More specifically, the major provisions which are incorporated into this amendment to S. 3267 are as follows:

Standby authorities and contingency plans for mandatory energy conservation and rationing;

Standby authorities to mandate increased domestic fuel production;

Standby authorities for materials allocation;

Authority for gathering and disseminating energy related information;

Requirements for establishing a national system of strategic reserves.

Mr. President, in view of the renewed support for this legislation, and the urgent need for standby energy emergency authorities, I trust that the Senate will move this legislation before the end of this Congress, and I ask the support of my colleagues for this goal.

Mr. President, I also ask unanimous consent that a more detailed summary of the amendment be printed in the RECORD at this point, along with a letter I have written to my colleagues.

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

U.S. SENATE,
Washington, D.C., December 2, 1974.

DEAR COLLEAGUE: For more than a year, the people of the United States have attempted to manage their economic affairs under the burden of disastrously high energy costs which have been driven upwards by the steeply rising international oil prices. New oil price increases to be set by the OPEC cartel are now expected by the end of this year, and the danger of a serious supply interruption due to a new oil embargo remains as great as a year ago.

We find it most distressing that the Administration has failed to develop a realistic and effective program to deal with these energy prices and with our continued dependence on imported oil. We believe that the time has clearly come for the Congress to require action by the Administration and to set in place standby authority to deal with supply interruptions.

S. 3267, the Standby Energy Emergency Authorities Act has been on the Senate calendar since April. The leadership has committed itself to call this bill up in the very near future and to introduce the enclosed amendment to update its provisions.

The amendment is in the nature of a substitute and grants to the Administration standby authority to implement orderly and equitable programs to restrain energy demand, including end use rationing and other conservation measures and requires the prompt development of specific recommendations and plans for establishing strategic energy reserves.

As you know, the United States is obligated to develop contingency programs to restrain energy demand and to maintain an energy reserve capability under the recently signed International Energy Program. In addition to authorizing the essential Federal preparation required by the threat of a new embargo, the amendment calls for a specific program to limit oil imports. No one now disputes the importance of limiting U.S. dependence on imported oil, beginning as soon as possible. The Administration is required to submit detailed plans to accomplish this to the Congress for approval prior to implementation of these programs.

Many of the cosponsors of this letter strongly believe that current prices allowed for new domestic oil serve no useful economic purpose. These prices constitute an unwarranted windfall for domestic producers and give an undeserved aura of legitimacy to the unilateral price setting of a cartel of foreign producers who are apparently insensitive to the threat their actions pose to the world's economy, the international financial system, and the less developed countries. We do not propose, however, to debate this issue in the context of Senate consideration of the present amendment. It is our view that the precarious and uncertain energy future we face requires prompt action to vest the President and the Executive Branch with standby authority to deal with supply disruptions, to honor international commitments under the International Energy Program, to initiate contingency planning, and to develop specific recommendations to the Congress for limiting imports and establishing a system of strategic oil reserves.

The question of domestic oil prices will be debated in the context of other measures and in a manner which will not prevent the Congress from doing what is necessary and urgent, and is capable of achievement in the closing days of the Congress.

We regret that the Administration has not responded to requests from the Congress to develop—on a bipartisan, mutual basis—a unified response to the political threat we face from abroad and legislative programs to prevent the needless suffering the American people will endure if adequate standby authorities are not adopted. We continue, however, to stand ready to work with representatives of the Administration to develop needed legislative initiatives which will demonstrate to the world our country's ability to act wisely and intelligently in protecting our basic interests.

Enclosed for your use and information are the following materials:

A one page summary of the major provisions of the amendment;

A summary of excerpts concerning the need for the authorizations contained in the amendment; and

The text of a working draft of the amendment.

We hope you will join us in cosponsoring this amendment. We believe that the Congress must take the initiative and that the time to do so is now.

Should you have any questions on this matter, please contact the legislative assistants in our offices.

Sincerely,

Henry M. Jackson, Warren G. Magnuson, Adlai E. Stevenson, Floyd K. Haskell, Jennings Randolph, Mike Mansfield, Gaylord Nelson, John O. Pastore, Robert Byrd, and Abe Ribicoff.

SUMMARY OF MAJOR PROVISIONS

TITLE I—STANDBY ENERGY AUTHORITIES

Title I is closely patterned after S. 3267, the Standby Energy Emergency Authorities Act, which is pending on the Senate Calendar. Title I of the amendment sets in place standby authority to deal with energy shortages. These authorities include end use rationing, mandatory energy conservation programs (both of which are subject to Congressional review and veto), materials allocation, energy export limitations, grants-in-aid to State governments, information reporting, and contingency planning. A number of provisions included in S. 3267 were not incorporated in the amendment because of previous action by the Congress or because they could lead to extended floor debate. These include coal conversion, protection of franchised dealers, unemployment assistance, and small business information.

TITLE II—REDUCTIONS IN OIL IMPORTS

Title II of the amendment is new. This title generally concurs in the President's announced policy of reducing imports of high priced oil from insecure sources. The title recognizes, however, that attainment of these reductions will be difficult and calls upon the President to furnish the Congress his legislative recommendations and a report on his import reduction program within sixty days of date of enactment.

TITLE III—STRATEGIC ENERGY RESERVES SYSTEM

Title III establishes a policy and takes the first steps toward creation of a National System of Strategic Energy Reserves. The policy is to create, over a period of three years, strategic storage reserves capable of offsetting a 90 day supply interruption of all oil imports. This title creates a Strategic Energy Reserve Office in the Federal Energy Administration, directs the development of a prototype salt dome storage program, and requires reports to the Congress within 90 days on the implementation of the policy establishing industry, electrical, utility, and national defense strategic reserves.

TITLE IV—STUDIES AND REPORTS

Title IV requires a number of specific studies and reports concerning energy con-

servation policy, public transportation, and other matters.

SUMMARY OF EXCERPTS ON NEED FOR STANDBY AUTHORITY

The urgent need for adoption of the authorities contained in the amendment are apparent to all observers of domestic energy policy. For example:

Secretary Kissinger, speaking in Chicago on November 14, 1974, set forth "The Five Action Areas" for the oil consuming nations:

"To carry through the overall design, the consuming countries must act in five interrelated areas.

"First, we must accelerate our national programs of energy conservation, and we must coordinate them to insure their effectiveness."

Secretary Simon, speaking in New York on November 18, 1974, stated that:

"President Ford has announced a U.S. Program to reduce oil imports by one million barrels a day below what they otherwise would have been by the end of 1975. The President has made it clear that we will meet this target and that whatever steps are necessary will be taken . . .

"Immediate efforts to reduce oil imports are essential. But equally essential are the efforts needed to promote energy conservation and production in the longer run. Fortunately, we now have, in the new International Energy Agency, a forum for developing and coordinating new national and international policies to achieve these ends. It is no secret that administrative and policy barriers to conservation and to increased production still exist in almost all countries—including the United States. It is also no secret that international efforts to achieve these same objectives face many difficulties. But it is essential that we push ahead."

Arthur F. Burns, Chairman of the Federal Reserve Board, in testimony before the Joint Economic Committee said:

"This October, the President outlined a number of proposals to conserve energy and develop alternative domestic sources. The President's program included legislation to require the use of coal or nuclear power in new electric generating plants, and the conversion of existing plants to coal. It included proposals for gasoline savings on new automobiles, for fuel savings by industry, and for further conservation within the government. The immediate objective of the program was to achieve a reduction of 1 million barrels a day in oil consumption by the end of 1975. These proposals by the President deserve strong support from the Congress and the general public.

"While the President's program emphasizes voluntary actions, it is well to keep in mind that he has indicated that more stringent measures to reduce dependence on imported oil may become necessary in the future. In view of the gravity of the international energy situation, I believe that some preliminary planning on stronger measures to reduce domestic consumption should be undertaken at once. These include a sizable tax on gasoline, or on imported oil, or on automobiles according to their weight or horsepower." November 27, 1974.

Treasury Secretary William Simon in testimony before the Joint Economic Committee:

". . . the Administration would not hesitate to call for stronger measures by late January or early February if voluntary measures were not leading to a 1 million-barrel-a-day reduction in oil imports by the end of 1975, Washington Post, November 28, 1974.

Dr. John C. Sawhill, Administrator of the Federal Energy Administration, in testimony before the Senate Committee on Interior and Insular Affairs said:

". . . for the next five years and certainly for the next three years, the United States has no realistic alternative except conservation to reduce vulnerability and bring pressure on world oil prices. We have no way to really bring pressure on the cartel unless we, ourselves, reduce consumption and thereby cause the gap between productive capacity and consumption to grow and bring pressure to bring prices down which I think is absolutely necessary."

* * * * *

". . . That is another very strong impression I got at the public hearings last summer; that people wanted it laid out for them, a mandatory program that was fair.

"Americans do not mind sacrificing but they do not like to sacrifice unequally. As long as they can all feel they are sacrificing together, I do not think people mind doing that."

Senator Abourezk: Do you consider it necessary to mandate an upper limit on petroleum imports by either dollar or volume outlet?

"I will put this this way; I think that is one of the things we should look at but I would not do that without a companion set of conservation measures.

"I do not think it makes sense to say we are only going to bring x amount of imports into this country because then you are going to ration and have people waiting in line at the gasoline station and I do not think we should create a shortage without finding some way to manage that shortage."

NOTICE OF HEARINGS ON ENFORCEMENT AND COMPLIANCE OF FEA OIL PRICE REGULATIONS

Mr. RIBICOFF. Mr. President, the Subcommittee on Reorganization, Research and International Organizations of the Committee on Government Operations will hold hearings on the enforcement and compliance of FEA oil price regulations.

The hearings will begin at 10 a.m. on Wednesday, December 11, in room 1224, Dirksen Senate Office Building.

NOTICE OF HEARING

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, December 12, 1974, at 9 a.m., in room 2228 Dirksen Senate Office Building, on the following nominations:

James P. Churchill, of Michigan, to be U.S. district judge for the eastern district of Michigan, vice Stephen J. Roth, deceased.

H. Dale Cook, of Oklahoma, to be U.S. district judge for the northern, eastern, and western districts of Oklahoma, vice Luther L. Bohanon, retired.

James M. Fitzgerald, of Alaska, to be U.S. district judge for the district of Alaska, vice Raymond E. Plummer, retired.

Any persons desiring to offer testimony in regard to these nominations, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee consists of the Senator from Mississippi (Mr. EASTLAND) chairman; the Senator from Arkansas (Mr. MCCLELLAN) and the Senator from Nebraska (Mr. HRUSKA).

NOTICE OF HEARINGS

Mr. CRANSTON. Mr. President, the distinguished chairman of the Committee on the Budget (Mr. MUSKIE) has asked me to announce, for the information of Senators, that the Senate Budget Committee will hold public hearings during the next 2 weeks on the subject of the economy and fiscal policy. These hearings continue scrutiny begun by the committee last August on the relationship between Federal fiscal policy and our country's well-being.

Since, August, the economic picture has darkened considerably. President Ford has submitted his economic program to Congress and proposed budgetary actions which would reduce Federal outlays by $5 billion in fiscal year 1975 and almost $7 billion in fiscal year 1976. The committee plans to focus on these worsened economic circumstances and their relationship to appropriate fiscal and budget policy as we begin preparing for the committee's activities in connection with the 1976 budget.

These hearings will be held on December 11, 12, 17, 18, and 19 in room 1114 of the Dirksen Senate Office Building beginning at 10 a.m.

Next Wednesday, December 11, the committee will hear testimony from a panel of distinguished economists including Dr. Arthur Okun, Dr. Otto Eckstein, and Prof. Murray Weidenbaum, and from the Comptroller General, Elmer Staats.

On Thursday, December 12, the committee will hear testimony from the Honorable Roy Ash, Director of the Office of Management and Budget.

On Tuesday, December 17, the committee will hear testimony from Secretary of the Treasury William Simon. Other witnesses that week will testify about the relationship between Federal fiscal policy and alternative solutions to some of our pressing national concerns, such as the energy crisis.

I am hopeful that these hearings will produce a constructive dialog that will result in positive and responsible action by the Federal Government in coping with our present economic ills.

ADDITIONAL STATEMENTS

SOVIET EMIGRATION

Mr. ROTH. Mr. President, when Secretary of State Henry Kissinger appeared before the Finance Committee on Tuesday to testify on the Jackson amendment relating to Soviet emigration, I had three additional questions which I submitted in writing rather than asked orally because of the shortness of time. These questions concerned the imprisonment of Jewish doctor, Mikhail Shtern, on falsified charges, the assistance that could be given other Soviet prisoners, and the extent to which nongovernmental groups

could be used in monitoring Soviet emigration policies.

Because of the interest of the Senate in this topic, I ask unanimous consent that these questions and the answer I received be printed in the RECORD.

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

QUESTIONS SUBMITTED BY SENATOR WILLIAM V. ROTH, JR. TO SECRETARY OF STATE KISSINGER FOR WRITTEN RESPONSE

(1) Mr. Secretary, despite the exchange of letters, I continue to hear of cases of harassment of minority groups in the Soviet Union—for example, the case of Mikhail Shtern, a Jewish doctor from Vinnitsa who will go on trial on December 10 (Human Rights Day) on fabricated charges. It certainly seems to me that this is a violation of the spirit of the agreement. Will you see that this case and similar ones are brought forcefully to the attention of the Soviet government?

(2) In your letter to Senator Jackson, you wrote that "Persons imprisoned who, prior to imprisonment, expressed an interest in emigrating, will be given prompt consideration for emigration upon their release; and sympathetic consideration may be given to the early release of such persons." There are cases where prisoners are not getting medical treatment, do not get visiting privileges, receive no mail, and have been kept in solitary confinement. Some have disappeared from sight according to my understanding. What can we do to see that these prisoners receive better attention and do receive sympathetic consideration as far as early release? Have you brought cases of this sort to the attention of Soviet officials?

(3) With regard to cases of harassment and denial of emigration rights, it seems to me that it will be essential to have close contact between your department and the private groups, including Jewish and emigree groups, which have sources of information superior in many respects to that of the government. Will the Department use every means to collect all the information you can about the treatment of Soviet Jewry and other minorities and ensure that this information is not simply discarded but brought to the Soviets' attention?

DEPARTMENT OF STATE,
Washington, D.C., December 4, 1974.

Hon. WILLIAM V. ROTH, JR.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROTH: The Secretary has asked me to transmit to you answers to those questions on the Soviet emigration issue that you submitted on December 3 for written response and were not able to raise orally during the Finance Committee hearing that day.

One question dealt with the case of Dr. Mikhail Shtern and asked if this and similar cases would be brought to the attention of the Soviet Government. We are aware of the Shtern case and agree that Dr. Shtern's situation merits sympathy and concern. We have in the past found ways to bring such matters to the attention of Soviet authorities in a manner that has often produced results. We will certainly continue to do so.

Another question concerned assistance for persons imprisoned in the USSR who, prior to imprisonment, expressed interest in emigrating. The feelings of the American people regarding conditions of imprisonment of the "Prisoners of Conscience" to whom you referred have been made clear to Soviet authorities. In addition, we have facilitated efforts of private groups to assist these prisoners. We believe that our quiet efforts, against the backdrop of responsible private and Congressional concern, provide the best approach to this problem.

A third question dealt with our gathering and discussing with Soviet authorities information about harassment and denial of emigration rights. We plan to expand our close contacts with concerned private groups and will use that channel as well as all others available to us in order to gather relevant information. We will be in a position to bring to the attention of the Soviet leadership information about the application of the criteria and practices enumerated in the Secretary's letter to Senator Jackson.

I hope you call on me if you believe we can be of further assistance on this matter.

Cordially,

LINWOOD HOLTON,
Assistant Secretary for Congressional Relations.

ERTS AMENDMENT COSPONSORS

Mr. MOSS. Mr. President, on Monday, November 25, I introduced amendment No. 1996 to S. 2350, a bill related to remote sensing Earth resources satellites. Senator GOLDWATER joined me as a cosponsor of the amendment, and on Tuesday, November 26, Congressman SYMINGTON introduced an identical bill, H.R. 17534, for himself and a number of his colleagues on the House Committee on Science and Astronautics.

In proposing this new legislative approach to the experimental resources satellite program, I summarized its major features as follows:

First. The policy of the United States would be to continue the experimental program until 1980, or until the earlier establishment of a permanent Earth resources satellite system.

Two. The President would be directed, acting through NASA, the Department of the Interior and other agencies, to assure continuity of satellite data during the experimental period.

Third. The President would be required to furnish the Congress with any necessary fiscal year 1976 budget amendments by next April 15.

Fourth. The President's annual aeronautics and space report, already required by law, would include for each of the next 5 years a progress report and a statement of his views on the need for a permanent operational satellite system.

I also made reference to the strong support that many Governors have given to continuity of ERTS satellite data.

In the intervening weeks, Senators from several States that support the ERTS program have asked to be included as cosponsors of amendment 1996. These include Senator ABOUREZK of South Dakota, Senator CANNON of Nevada, Senator GURNEY of Florida, Senator HATHAWAY of Maine, Senator HUGHES of Iowa, Senator METZENBAUM of Ohio, Senator MONTOYA of New Mexico, Senator STAFFORD of Vermont, Senator SYMINGTON of Missouri, Senator TAFT of Ohio, Senator THURMOND of South Carolina, Senator TUNNEY of California, and Senator WILLIAMS of New Jersey.

In accordance with the leadership, we do not presently plan to bring this bill to the floor in this Congress. Accordingly, I am not now seeking additional cosponsors. However, I wish to announce to my colleagues that we will be glad to have other Senators join with those of us who are taking this step as one means of indicating our belief in the importance of continuity of the experimental Earth resources satellite program.

SYLVIA HANSEN: FROM COVERED WAGONS TO MEN ON THE MOON

Mr. HANSEN. Mr. President, historians rightly recognize the contribution living people can make to the accuracy of the record of the past.

Susan Brown, a friend of my mother, is a 1974 graduate of Jackson Hole High School. Susan now is a freshman at DePauw University and is a talented young writer. One of her essays recently won second place in the Wyoming Historical Society's statewide competition. Her award-winning essay was printed November 7 in the Jackson Hole News, under the title "From Covered Wagons to Men on the Moon."

The historical narrative covers some of the events of my mother's life, beginning with her early years in the West. Susan Brown chose to write the article in the first person, and I believe she has achieved an excellent result.

I ask unanimous consent that Miss Brown's article be printed in the RECORD.

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

NARRATIVE AWARDED IN STATE COMPETITION: FROM COVERED WAGONS TO MEN ON THE MOON

(By Susan Brown)

Now that I am older and have little to do, I am able to occupy my mind with thoughts from the past. Many a morning I'll just lie here in bed thinking over those long lost days of my childhood. I always go back to the beginning, in Rockland, Idaho. I was born September 29, 1885, to Daniel and Elizabeth Wood. (The sixth child in a family of eleven.) It didn't take them too long to come up with a name for me: Sylvia Irene Wood. I don't recall much of my life in Rockland as I was very young, but what I do remember are the stories Dad used to tell. My favorite was the one of Grandpa Wood, who traveled west and settled in Salt Lake City. The many "good" Indians around would come and pitch their tents in Grandpa's yard. He'd holler at them to move on, but when they refused, he would go and throw their teepees over his fence. Later, they would come back and set them up again. Grandpa got so angry! The neighbors used to say "Old Wood's cross today." People caught on the phrase, even now this spot is known as "Wood's Cross."

When I was seven, we moved to Star Valley. My father bought some land and an old three room log cabin. Fitting eleven children and parents into that cabin was a real chore! We used to sleep three to a bed and those beds were quite small. The two children on the sides slept in comfort, only the one in the middle got rolled on. (We always put the younger children in the middle; they didn't like it but then we never gave them a choice!)

Dad later added on to the cabin. We would sit outside and watch him shave the logs then carefully fit them together. When the rooms were completed there were two inch cracks between each log so he went back and filled these in with wood strips and mud. With the enlargement of our house, things were much more comfortable.

In the Fall my father and brothers went to Eagle Rock (now Idaho Falls) and picked

potatoes. They were usually gone a month. Instead of pay they kept a percentage of the spuds they picked. Dad took advantage of the larger town and did extra shopping while he was there bringing back food, clothing and other necessities for the oncoming winter. Most of the time Dad had very good taste in clothes. I only complained once, when he brought me a new pair of shoes—both for the same foot! Because of the great distance between Eagle Rock and Star Valley, returning the shoes was out of the question so I had to wear them. I can remember whenever I was in a public place, I tried to hide my feet so people wouldn't notice and laugh.

Our family was very poor as were most other families in the area. We were always hard at work trying to make ends meet, and in the evenings, everyone was tired. Little socializing went on except for an occasional church dance. We children seemed to find more free time than anyone. The girls would make clay pans and dishes, then decorate their "Forts" with them. I would take mine home and set them to dry on the window sills. What a mess when they fell and broke! The boys spent their time fishing. When we all got together, our favorite game was hide and seek. We never ran out of places to hide!

I remember Sundays very well. I was able to wear my favorite dress, it was black with a red rose in the center. When I wore it I always felt like a queen. While Mom and Dad listened to the sermon, we attended Sunday school. What a terrible bore just sitting in a room listening to a lady read the Bible. It was all so confusing!

I did most of the caring for Elva, my youngest sister. Mama was busy with her many chores and I loved children so things worked out well. I was nine and Elva was four. During the entire month of February, Mama was very sick after losing her twelfth child. One day she called us all into her room to say good-bye. Her last words to me were "Sylvia, be a good girl." She died February 28, 1895. I missed Mama very much. She had the patience of Job.

I did what Mama asked: I looked after Elva. She followed me around everywhere I went. She never cried for Mama. I suppose she was too young to understand death.

Less than a year after Mama died, Daddy remarried an English girl, Maggie Edwards. She and her father had come to the U.S. as missionaries. Along with Maggie came her little son, Milton. Maggie was never bad to us though she would make my brother mad when Dad would bring home a sack of candy and Maggie would hoard it for herself and Milton. Taking on the responsibility of eleven new children was more than she could handle. She used to come and weep on my shoulders, she was homesick and unsure of her future.

A few years later, Dad gave up our ranch and settled his family outside the city limits of Blackfoot. I took odd jobs with the folks who lived around us. Usually I took care of children or did housework. The good people I worked for encouraged me to go back to school. I had up to the fifth grade. I remember how hard it was to go back. I was much older than the other students, but no one teased me about it. Mrs. Osborne, who had been the main instigator in getting me to school, pushed me through until I completed the eighth grade; then she had me take the teacher's examination. I qualified for a third grade certificate. The superintendent of schools assigned me to a three month school in Cedar Creek. (About 16 miles north of Blackfoot, I received $45 a month. Several families hired me to stay on for two more months. As pay I received my choice of 2 heifers from their herd.

During my first year of teaching, I met Pete Hansen. He would come to school and visit me quite often. There wasn't much to do as far as dating so Peter and I settled for picnics and an occasional buggy ride. One afternoon Peter came by after school. He was breaking in a new colt and I was ready to go home, so he offered me a ride. I got in and so did Jake, one of my students who loved excitement. As we went along, the colt wouldn't turn, and ran straight into a stream, tipping over buggy and passengers. We all landed in the water and got wet, but laughing. Jake's mother said, "That's a sure sign Pete will marry Wood!" (That's what she always called me.) Sure enough it happened: May 2, 1906, Peter and I were married. He was 39 and I was 21. Mrs. Osborne put on the entire ceremony for me. What a wonderful person she was! She didn't have any daughters so she thought of me as her own. I was married in a new blue silk dress; which was the prettiest I could afford. It had no lace or ruffles but was charming in its own simple way. After the ceremony, we went to Salt Lake for our honeymoon. The following is a write-up of our wedding from our Blackfoot paper:

"Wednesday morning at 9:15 at the home of R. J. Osborne occurred the wedding of Peter C. Hansen and Sylvia Wood. Rev. G. G. Haley officiating. The pretty bride looked very charming in a blue silk dress. She carried a bouquet of Bride's roses. Immediately after the ceremony an elaborate and delicious wedding breakfast was served. The table was beautifully decorated with roses and smalix from California. In the parlor during the ceremony, the bride and groom stood under a canopy of smalix. The groom is a prosperous cattleman. They departed amid a shower of rice, on the 11 o'clock train for Salt Lake City where they will spend a week." (the train was held up five minutes waiting for us.)

We lived with Russ Hansen, Peter's brother, until June of 1906, then we moved to our new home in Wilson, Wyoming. Our house was a one room log cabin beneath the Tetons. Our furnishings were limited, consisting of a stove, two chairs and our homemade bed. Peter laced the bed with rope and straw tick. I never could arrange the tick to his satisfaction and he would continually jump out of bed and fluff it saying "You don't savvy." I gathered wood boxes and made cabinets with cloth curtains.

I used to help Peter in the fields by standing on the plow, giving it more weight to deepen the furrows. It was hard work helping him clear those fields, but he enjoyed the company and I enjoyed helping out. We were pleased when we put up five tons of hay that first year. After work Peter would take out his pistol, go into the field and shoot several sage hens for meat the next day.

During late August, we went to Andy Madison's Ranch to help them put up their hay. The women made themselves useful by plucking Andy's ducks. He always bragged about his shooting ability so I challenged him. I got seven ducks in one shot! Beginners luck I suppose! I rushed back to boast of my success but was quickly degraded when he announced that his record was eleven.

At the end of September, Peter got a job at the Coffer Dam. I was paid to cook three meals a day for nine boarders. We set up residence in a tent until the day after Christmas. Then we both left with our pockets full of money.

So many things have happened between that first year of marriage and now. I settled down to my mother role. One November 21, 1907, God blessed us with our first child. Parthenia. Her first sentence turned out to be "Bubba drink milk." She would then share her milk with our dog letting him drink right out of her cup.

After Parthenia came Jerry, Cliff, Helen, Ordeen and Robert. Around 1912, we settled in the Teton Valley permanently.

Once Peter's sisters came to visit us. To their disappointment Peter was with the cattle up on the high range. We all loaded into the buggy and went to see him. After crossing the Snake River a man stopped us and said that our wagon reach was broken. He generously fixed it but delayed us several hours. When it became dark we were still many miles from camp. I got in front of the team and walked them straining my eyes to see ahead. A cowboy came down the road. When he saw people he yelled "Are you lost?" With a cry of relief I screamed back "YES!" He led up to camp. We were all so thankful!

One day Peter went to call on several business men. He stayed out overnight. Our ranch hand went to town and couldn't make it back. Since no one else was home, it was up to me to feed the cattle. I wrapped up Parthenia and Jerry in very warm blankets, hitched the horses to the sleigh, loaded the hay and went out to feed the herd.

One August day a friend and myself decided to go pick huckleberries. We had no trouble driving the team across the Snake River but as we started home a man informed us that the water gates had been lifted and we would have to turn around and cross the River at the Moran Bridge. We returned home the next day totally exhausted from our two day ride. All that for a gallon of berries! Maybe that's why I don't like them.

That year I made and sold butter to make enough money to buy our first separator. It was a good investment.

One day the girls were throwing water on the horses making them run. Helen tried to herd them. By mistake she stepped in front. One of the horses ran her over, breaking her arm. (She was only 5.)

In 1925, we sent Cliff to the Bogue Institute in Indianapolis, Indiana to correct his speech problem. He never could express himself. He stuttered on almost every word. He had wonderful teachers at the Institute. They made him lower his arm for each syllable he spoke. He spent six weeks there, then came home and practiced his speech lessons that winter. He was able to cure himself. He sure has come a long way!

In 1937, Peter became State Senator. He traveled to Cheyenne for each session. The first year he went alone but from then on I accompanied him.

Jackson grew at an unbelievable pace! Mr. Miller, a ranger from Teton and Yellowstone Parks, had the first car I can remember. He would drive it around town showing off to all of us envious people. The joke was on him when the car broke down. Mechanics were hard to find and new parts were rare.

As my children grew up and got married, I filled in my extra time with flying lessons, graduating with nine hours of credit. Once I flew over the school at recess. All the children looked up trying to see who it was. "Little" Peter called out "Oh, that's just my grandmother." Flying lessons were the biggest waste of money but I truly enjoyed them.

In July of 1950, Peter had a stroke. He lost his voice at first except for a slight whisper but with work he later regained it.

I was in Denver for surgery during the fall of 52. Cliff and his wife, Martha, were caring for Peter until he fell ill and was taken to the hospital. He died November 26, 1952. "What a wonderful husband and father."

During the years that followed, I had the opportunity to see much of the world; including Hawaii, Mexico, South America and Japan.

"I guess perhaps the proudest moment of my life was in January of 1963, when Cliff was inaugurated as Governor of Wyoming. All of our family were there except Robert, who was then living in California."

What a wonderful life I have had. From covered wagons to landing men on the moon. Such a life span! I thank the Lord for all I have been able to see and do, for He has been very good to me.

SENATOR MUSKIE PRESENTS THOUGHTFUL ANALYSIS OF ENVIRONMENTAL ISSUES

Mr. RANDOLPH. Mr. President, on Monday, December 2, Senator EDMUND S. MUSKIE, chairman of the Subcommittee on Environmental Pollution of the Senate Committee on Public Works, addressed the American Institute of Chemical Engineers. In his speech, entitled "Energy or Environment: An Echo—Not A Choice," Senator MUSKIE analyzed the outstanding questions and pending issues regarding Federal and environmental laws. He discussed the relationship between energy and environment, and he indicated some approaches that the Subcommittee on Environmental Pollution will consider next year as it reviews the Clean Air Act and the Federal Water Pollution Control Act. Senator MUSKIE addressed at some length the current energy situation and the impact of energy on the economy.

Mr. President, I believe his remarks are *timely* and valuable and I ask unanimous consent that they be printed in the RECORD.

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

ENERGY OR ENVIRONMENT: AN ECHO—NOT A CHOICE

(By EDMUND S. MUSKIE)

Recently I read a statement by a young man who had decided to change his lifestyle. He said that he had reached an age when he had to either admit failure or redefine success. Many people are now asking us to either admit failure or redefine success of environmental programs.

We are being asked to redefine the success of an air quality improvement program by delaying until the next decade achievement of health-related air quality standards.

We are being asked to redefine the success of our effort to achieve a clean car by modifying auto emission standards on bases other than public health. We are being asked to redefine the success of our water pollution control program by accepting a decision to spend less than half the funds we need to implement that program.

The fact is that some of us are not ready to either admit failure or redefine success. Those who would modify environmental laws have not made their case. In 1970, and again in 1972, the Congress acted with the support of the American people to provide strong clean air and water laws.

These laws demand changes in the way industries—communities—and most important, people—do business. These laws are the result of a growing recognition that the quality of life is as important as the quantity of life, and that uncontrolled growth is less desirable than stable, healthy growth.

And as these laws have begun to change existing processes—to force new approaches—to alter old methods and apply new technologies and techniques, resistance has grown.

Like anything new, stringent environmental rules have forced readjustments. There have been delays. Some decisions have had to be remade—rethought and replanned.

Public participation has caused great agony in board rooms and council chambers. The right of people—lay people in a technically complex society—to participate in public and private decisions has been provided.

Unfortunately, the current economic crisis may tend to obscure the benefits of these new policies. And, there are those who would distort the crisis and its causes to obtain relief from environmental regulations.

For example, auto and utility executives would have you believe that the changes demanded by these laws are unnecessary. They argue that the cost is too high, that the energy requirements are too great, that the capital to build abatement equipment should be invested in productive capacity. They even argue over how clean is clean.

And they reject the underlying principle of these laws that the world is a finite resource, with limited amounts of energy resources, materials resources, land, air, and water.

Classical economists claim that we are not resource-limited for the foreseeable future.

They argue that, for practical purposes, there is a limitless supply of money and energy. The money supply is theoretically unlimited because it is controllable by governments. And energy supply is supposedly unlimited because we have historically discovered additional sources at about the same rate as we have increased demand.

The same argument is made about materials resources as is made about energy. It is argued that the Earth's crust is at our disposal and that the price mechanism dictates when any given deposit becomes a resource.

These opinions overlook basic factors that impose limits on our ability to convert potential into reality. The most important limitation is that, for any conversion to be useful, we have to get more out of it than we put into it.

For example, E. J. Hoffman, a nuclear energy specialist has calculated that "the cumulative energy expenditure of the entire atomic energy program may not be recouped from nuclear fission power plants by the time the reserves of economically recoverable uranium-235 are used up."

There is a similar concern over shale oil, with one recent estimate leading to a prediction that the net energy yield from Rocky Mountain oil shale may be between zero and one percent.

These arguments are physically based—geology, physics, economics. An equivalent concern arises from the life sciences. In many respects, the relation of mankind to the earth is similar to that of bacteria in a culture medium. The earth is the host; mankind is the guest. The earth has finite resources in place. No new oil, gas or coal—no new air or water will be invented in any foreseeable future.

Under growing conditions, even amateur biologists know that bacteria can multiply on a culture so fast that they overpopulate—overgraze—their food supply even when the culture is being replenished. Over-population leads to massive die-off and eventually to an equilibrium between population and resources.

The Club of Rome—an international group of concerned industrialists—wondered several years ago whether or not this host/guest analogy was relevant to humanity and the ecosystem. They asked Jay Forrester's industrial dynamics group at MIT to study "the dynamics of human expansion in the natural system of finite dimensions represented by the globe." The well known and highly controversial book, *Limits of Growth*, was the result of that study.

Limits of Growth attempted to predict a number of alternative human futures and concluded that mankind had the potential to "overgraze."

These people were optimists. They said it is not necessary that mankind overshoot the limits of mother earth and subsequently die by the billions. But they were realists, and they said that, unless the forces now driving society are modified, catastrophe will be the inevitable result.

These concerns with the earth's carrying capacity and ultimate energy limitations, at the very least, must be accepted until proved inaccurate. We do not know where these limits are, but world food shortages around the world, the declining production levels of oil and gas in the older oil fields of Western Russia and the United States, the skyrocketing demand for resources of all sorts, the growing seriousness of infrastructure limits—railroad cars to ship coal, pipelines to move oil and gas, highways, waterways, ocean freighters—are indicators that the time for action is now.

Where does pollution control fit into all of this? It fits directly. The earth has a limited carrying capacity for pollutants and, as I have said so often, we are exceeding it in virtually every major population center in the world today. Most major waterways are polluted, and most cities are running out of disposal space for their solid waste.

Walter Langbein of the U.S. Geological Survey, estimates that, by 1990, the United States will need 90% treatment of waterborne pollutants. That is on the average, which means that in areas of high concentration, higher reductions in pollutant discharges will be required. And that is, in essence, what the 1972 Clean Water Act requires.

The story is similar in air pollution, where every major air quality control region in the U.S. foresees air quality below secondary or welfare standards within the next decade, while those 66 already in violation of health standards for one or more pollutants will have to face grave dislocations in order to protect public health as population grows.

And yet, in the face of all these indicators, many would have you believe that our current pollution control legislation has gone too far, too fast. Quite to the contrary; the battle has just been joined and the hard part is yet to come.

We are being asked to compromise deadlines, modify regulations, relax standards, and compromise goals.

This year the Congress will be asked to extend the deadlines in the Clean Air Act to 1980 or 1983 or even 1985.

We will be asked to abandon the non-degradation—keep clean air areas clean—policy of the Clean Air Act because secondary standards are adequate to achieve these purposes.

We will be asked to abandon the Federal-State relationship which has been the key to implementation of clean air requirements, and adopt instead pre-emptive Federal regulation of major energy sources.

We will be asked to substitute the "rhythm method of pollution control," so-called intermittent control strategies for permanent, continuance emission reduction systems.

We will be asked to void the transportation and land use control elements of air quality improvement strategies.

We will be asked to delay one or two or five years the achievement of clean car goals.

We will, in effect, be asked to delay protection of the health of millions of Americans for yet another ten years.

And yet the facts show that 15,000 excess deaths each year can be attributed to air pollution and the health of as many as a million people is adversely affected each year.

We know that the utility executives and Administration officials who propose to eliminate non-degradation in favor of secondary standards are the very same people who have asked to be relieved from compliance with emission limits based on secondary standards and who have asked that State enforcement of the secondary standards be pre-empted by national regulations.

We know that people are more likely to achieve environmental objectives through governmental units closest to the problems—and to the electorate.

We know that intermittent controls and tall stacks only disperse pollution and are not enforceable.

And we know that dirty cars mean more land use controls while less land use control will require even stricter regulation of auto emissions.

For water pollution the assault is similar though less provocative because the health of people is less directly involved.

Already we have been told that the deadlines for communities set in 1972 must be compromised because adequate funds were not available soon enough.

We are told that a goal of protecting fish and aquatic life is unrealistic and that controls based on technological availability are too stringent.

And yet, as I have noted, achievement of the modest goal based on technological availability and economic achieveability may not be sufficient to assure sufficiently clean streams for public purposes by 1990.

We are being asked to make these compromises to avoid a confrontation—between energy and the environment—between inflation and the environment—between our current economic chaos and the environment.

There is no evidence to support the allegation that environmental requirements have contributed to inflation. In fact, the Council on Environmental Quality has estimated that in its 1973 annual report only 2½% of the Gross National Product over the next ten years will go to pollution control expenditures. Other estimates range from .6% to 10%.

In early September, Russell Train stated that EPA's surveys indicated that .3 of 1% of the overall inflation rate of 8–10% was due to environmental programs. He called higher estimates "greatly exaggerated." What are the facts?

Skyrocketing energy prices now account for roughly one-fourth of our present inflation. But that is merely the national average.

In regions heavily dependent on oil, such as my own New England, the figure may be closer to half.

In spite of the Arab oil boycott, our oil imports have risen during 1974, and now constitute almost 40% of all oil consumed in the United States.

Increased reliance on imports has raised the oil portion of our balance of payments deficit from $4 billion in 1970 to an estimated $25 billion in 1974.

The explosion of energy prices has ripped through our economy, opening holes in an already battered system.

So what must we do? Should the Congress abandon its initiatives on clean air and clean water? Should the precedential action taken in the clean air and clean water laws be junked because the statutory deadlines, standards and regulatory requirements are having the impact that we anticipated when we began four years ago? I think not.

Rather, we must reweave the fabric of the Clean Air Act to keep the deadlines and yet permit flexibility when good faith has been demonstrated. Perhaps we will have to supplement those deadlines with statutory penalties triggered when deadlines are breached and good faith has not been demonstrated.

We may have to refine the Clean Air Act land use planning mechanism to provide for more local initiative and to integrate clean air related land use decisions with water quality and solid waste land use planning.

We may have to reconsider the level of project funding in water pollution both in total Federal dollars and the amount of per project participation. And we may have to limit Federal water pollution assistance so as not to subsidize new growth while eliminating the backlog of needed treatment facilities.

We will have to find a better way to allocate water pollution funds among States and guarantee that the projects which need to be built first are built first.

But these are minor, mid-course corrections in the environmental moon shot. They neither abandon goals nor do they alter our purpose. Our real attention—the national will—must be turned to our energy problem. And no amount of change in environmental laws is going to solve that problem.

It has become clear that we must reduce our reliance on imported oil. To do this, we have two choices: produce more or use less.

But domestic production has declined in the last few years and it is doubtful that it can ever make up the difference we need. New sources are going to be tremendously costly—both in economic and in environmental terms.

Drilling on the Atlantic shelf, strip-mining Appalachian mountains and Western prairies and developing oil shale will have substantial environmental impact even when the best, cleanest technologies are applied. And they will be expensive to sustain. Even if these sources of energy were free from environmental and economic problems, new coal mines and oil shale refineries take four to five years to construct, and nuclear power plants take up to ten years.

But, of course, more energy production is not free from environmental problems. Strip mines scar our land and leave acid drainage to foul water supplies for years to come. Underground fresh water acquifiers are permanently disrupted.

Oil spills cake beaches and spoil spawning grounds. And a major blowout could destroy a region's fishery resource.

Shale development siphons western water away from traditional uses, may render the residual unusable and will leave mountains of waste materials. All three sources of energy will have significant secondary environmental impacts—at ports and harbors in the East or in rural areas in the West.

Congress has made strong commitments to increased energy production. In October, we created the new Energy Research and Development Administration. This year we have increased the appropriations for energy projects by 66%.

But these investments are for long term answers. If we are to have any near term solution to the problems of energy supply, to problems of environmental effects of energy production, and to problems of spiraling energy prices, we must accept the only available choice: less wasteful use of present energy resources.

There are dozens of solutions to these complicated issues, but one piece of this puzzle dominates the picture. The automobile, with its ravenous thirst for precious oil, must draw our undivided attention.

The gasoline we burn accounts for more than 40% of all the oil consumed in America. And consumption is increasing at a rate of 4½% each year. Although that growth rate slowed for a few months early in 1974, the amount of oil being pumped into gas tanks is again on the increase.

For the past year, we have all talked about the automobile and energy. But that is all we have heard—talk. Last winter when the crisis seemed more real, and action was recognized as necessary, proposals were brought forth to reduce automobile gas guzzling by imposing mandatory fuel economy standards on the production of automobiles. This proposal was resisted by many, and, instead, a study replaced a standard.

That study has now been produced. The Department of Transportation and the Environmental Protection Agency were required by law to provide Congress with a report on the practicability of achieving a 20% increase in auto fuel economy by 1980.

The report was to assume current public health-related emission requirements and current safety standards would be met. The final draft of this report produced on October 16 analyzed the potential for fuel economy increases without compromising environmental standards. The draft report concluded that President Ford's goal of a 40% increase can be met without altering environmental standards.

Unfortunately, less than a week before the study was to be released, crucial portions were modified. And, simultaneous with an invitation from top Administration officials to auto executives to meet to discuss fuel economy, the industry was assured that pollution control standards would be softened so that fuel economy standards would be easy to meet.

Even though Federal law specifies that certain levels of emission control must be achieved by specified dates, the text of the report was altered to assure the industry that Congress would change the law.

I repeat: these emission standards are based on protection of public health. They are luxuries to be bargained away. Current data, confirmed less than two months ago by the National Academy of Sciences, suggests that every modification of the standards will increase the number of deaths, increase the number of sick, and increase the number of Americans who face physical discomfort from air pollution.

It appears that the Administration is willing to sacrifice environmental standards—binding standards written into law by Congress—in exchange for voluntary, unenforceable promises to increase fuel economy at some time, in some way, on some day in the future.

The long struggle in auto pollution control provides little hope for a voluntary approach. We tried that, and it didn't work. When we changed to a legislative mandate, we saw progress—progress that has brought about an 80% clean-up in the cars being marketed today. That progress would not have come through a voluntary approach. We have already seen that the voluntary approach to increased fuel economy may lead to a sacrifice of environmental progress with little more than a whisper of hope from the industry that they may some day be able to curb their gas guzzlers. Pollution control may be traded for future promises.

Mandatory legislative requirements will be necessary to attain the fuel economy increases the public needs and the situation demands. In that mandate, we may need to forbid the production of cars that operate on the very low end of the fuel economy range. And we may need to require a 40% improvement in sooner than four years.

If you doubt this assessment, then you only need examine the 1975 automobiles. Weight is the single most important contributor to fuel economy losses. Yet on the average, 1975 cars are heavier than their 1974 counterpart with no added safety regulations! This comes in spite of a year when the energy crisis increased the nation's concern for fuel economy.

We must beware of phony attempts to "balance" environmental concerns with energy requirements. This approach is wrong, for it assumes the environmental standards are a commodity that can be bartered. Let me remind you that the Clean Air Act is based on public health standards, not on some will-of-the-wisp criteria that can be traded off for energy or economic gain.

We must make all of our activities consistent with environmental requirements. Controlling the automobile is not the only solution. Dozens of other policies must be enacted. But the auto is the place to begin.

The problems of energy consumption, inflation, recession, and environmental quality are all one cloth. The public knows that

decisive measures are required. If these are put forward, the public will follow.

We cannot expect the public to understand when the rhetoric of crisis is accompanied by a program of pablum. If we do not take strong action soon, we may find ourselves too far into the quicksand to struggle out. America has always responded to a crisis with workable solutions. But we must begin now.

In the present case, time—like energy, clean air and clean water—is a finite resource.

PROSPERITY IN WICHITA, KANS.

Mr. DOLE. Mr. President, the industrious working men and women of Wichita, Kans.; some farsighted business managers; and imaginative local leaders have, by their joint efforts, kept their city growing and prosperous. As Time magazine points out in its December 9, 1974, issue, Wichita is a "pocket of prosperity" that does not share the gloomy economic statistics which characterize other cities and towns of comparable size in the country.

Wichita is the center of a large trading area which both serves, and in turn is served by, the bountiful rural agricultural area which surrounds it. Numerous industries have also flourished in the Wichita area including significant activity by the independent petroleum companies and the manufacturing and service industries. Wichita is the "air capital of America," producing most of—and the best of—the world's light or general aircraft.

It is an attractive town, as the article points out, with "a sense of community" and I am proud to share with my colleagues this brief account of its success story. I ask unanimous consent, therefore, that the Time magazine article, in its entirety be printed in the RECORD.

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

[From Time magazine, Dec. 9, 1974]

WICHITA: A POCKET OF PROSPERITY

(There are still a few sunny pockets of prosperity to be found in the U.S. despite the deepening shadow of recession afflicting most of the nation. One of these is Wichita, Kans. (pop. 262,000). Here the news remains almost too good to be true: in October unemployment dropped from 3.2% to an even 3%, less than half the national average. The board of education recently approved a $30 million school-building program, and a $14 million city hall is under construction. Along Topeka Street east of the Little Arkansas River nearly every one of the turn-of-the-century houses is getting a face-lifting. TIME Correspondent Barrett Seaman traveled to Wichita to find out why. His report:)

Wichita has known more than its historic share of booms. Back in the 1870s the town was a major overnight hitching post for cowhands who were taking their Texas longhorns north over the dusty Chisholm Trail. Signs posted outside the self-proclaimed "cow capital" declared: "Anything goes in Wichita. Leave your revolvers at police headquarters." Thirsty cowpunchers, ranchers, Indian scouts and gamblers filled the barrooms and dance halls, earning Wichita a reputation as "the noisiest town on the American continent."

CARRY NATION

After a brief decline, Wichita boomed again in the late 1880s, this time as a grain market and milling center. During harvest, carts and wagons loaded with wheat lined its streets in columns ten blocks long. Sober homesteaders built schools and churches instead of taverns, and Carry Nation carried her cause into the local saloons. The discovery of large oil reserves in 1915 produced another upswing and catapulted Wichita into the 20th century, attracting men like Walter Beech, Clyde Cessna and Lloyd Stearman, who turned the city into the "air capital of America."

In the years since, Wichita and aviation have had a reputation of running on a steep boom-and-bust cycle. Explains Beech Aircraft's Bill Robinson: "When the rest of the economy coughed, general aviation got the first cold." When the last bust cycle hit in 1969–70, the people of Wichita decided to do something about it. The city and county governments and the Chamber of Commerce joined wih community leaders to recruit diverse businesses to take the burden of employment—and stability—off the aircraft industry. During the '60s about one in four employed Wichitans worked for either Beech Aircraft, Cessna, Boeing or Gates Learjet.

BICYCLE PATHS

Wichita used income from the sale of industrial bonds to draw such national firms as Metropolitan Life, National Cash Register and J. I. Case Co. Early next year Western Electric will open a new plant on the western outskirts. In the past year every one of the city's meat-packing plants has either completed or begun major expansion programs. A giant retail shopping center and hotel-convention hall will open this spring on the east side of town.

In addition to its own funding program, Wichita has received more than $27 million in grants since 1969. Some federal money is being used to develop six mini-city halls, one of which is already in operation. Scattered around the city, they will provide recreation facilities, meals for the elderly, library services, medical assistance, job team training and water- and electricity-bill-paying centers at the neighborhood level. When a survey showed bicycle paths to be a top priority, 86 miles of them were added to Wichita's parks.

With economic troubles in hand, Wichita is attending to its quality of life. Says Mayor Gary Porter: "We're talking about putting a couple of hundred thousand dollars into the arts, theaters and museums. You can't do that when times are hard." The city is building a new zoo, an agriculture coliseum, a $3.5 million art museum, a $2 million Indian culture center and a planetarium. "Short of a first-rate meal," says History Professor Martin A. Reif of Wichita State, "you can get just about anything you want here."

The city is slightly swollen with pride and somewhat torn between shouting to the world that it is not a hick cow town any more and keeping all the hordes east of the Mississippi out of their beautiful country. When asked what they like about their city, most Wichitans cite intangibles such as the sense of community and quality of life. Grover McKee, the budget director who engineered the industrial-development program, came back to Wichita after ten years on Wall Street. "When I was in New York I was spending $200 a month commuting two hours each way. Now I'm 14 minutes door to door, and I live on a farm." Adds Mayor Porter, who in a neat reverse moved to Wichita from Southern California: "It's the kind of community that can be stimulating and still be Midwestern enough to be concerned about things like honesty and being nice to old folks."

SMOKE SIGNALS

Wichita is also well aware that its present heady prosperity is partly a matter of luck and geography, of being relatively uninvolved in those sectors of the U.S. economy that are in trouble and of participating heavily in those that are still flourishing. As a major regional market and processing center for the farm belt, it is riding with wheat and other farm products in their continuing record prosperity and with Kansas oilmen in the higher prices for their petroleum.

Above all, the aircraft industry, still supplier of over 15% of the area jobs, is holding strong. Cessna is projecting an increase of 32% over last year's $416 million record sales. Gates Learjet, which has added 650 employees to its payroll since the beginning of the year, would hire another 200 if they could find enough skilled workers. To explain the sustained health of the private-plane business, industry executives point to reduced automobile speed limits, air-schedule cutbacks, small propeller planes capable of getting up to 18 miles to the gallon at a speed of over 150 m.p.h. as well as growing overseas markets. That is not to say that the aircraft makers and the city in general feel immune from the ills of the rest of the nation. But so far, all is happily well in Wichita, with only a slight sense of foreboding. Says Lear President Harry Combs: "It's sort of like seeing Indian smoke signals in the distance, but we can't figure out where the attack will come from."

BURDICK AMENDMENT NO. 1990 TO S. 2928, THE CONSUMER CONTROVERSIES RESOLUTION ACT

Mr. BURDICK. Mr. President, my printed amendment No. 1990 amends S. 2928 by striking all of section 8 and renumbering sections 9 and 10 as sections 8 and 9.

According to the committee report, the primary purpose of section 8. which was added by the Subcommittee on Citizens Interests, is to reestablish the National Institute for Consumer Justice to study the feasibility of using U.S. magistrates for the resolution of small claims involving consumers. The National Institute had a short existence for the purpose of studying consumer redress mechanisms. I offer no comment on the accomplishments of the Institute during its existence, but I firmly believe that there is absolutely no justification to continue the Institute for an additional period of 2 years simply for the purpose of studying the feasibility of using U.S. magistrates in this area.

S. 3501, which would confer such additional jurisdiction upon the magistrates, was referred to the Subcommittee on Improvements in Judicial Machinery, which I am privileged to chair, where it is currently under study. The Subcommittee on Improvements has conducted extensive other studies during the past 3½ years on the use of magistrates by the Federal courts. On August 3 and 11, 1972, we held specific hearings on the magistrates and reported out a bill not only increasingly the pay of magistrates but encouraging the Federal judicial system to use magistrates more extensively. The Judicial Conference of the United States contributed to the implementation of the committee's suggestion by creating an additional 18 full-time magistrate positions at its most recent meeting in September of 1974. In the last session, the subcommittee held 15 days of hearings on the omnibus judgeship bill, during the course of which virtually all of the 42 district court chief judges who testified were interrogated extensively about the use they were making of magistrates.

We focused our questions upon the extent to which the magistrates were re-

lieving our judges of time-consuming off-the-bench duties and certain of the more time-consuming minor bench duties. We felt that such activity was the principle objective envisioned by Congress when it created the magistrates system. The testimony given by the chief judges suggested that real progress has been made toward achieving that objective in many of our district courts, and the latest statistics from the Administrative Office of the U.S. Courts confirm that suggestion. I fear that, if we precipitously place an added burden of small consumer claims on our magistrates, we risk undoing all that we have achieved in the past 3 years.

The subcommittee staff has the matter under study now. It is a matter which cannot be properly studied without a working familiarity with the magistrate system as a whole. Because of this activity by the subcommittee, there is no useful purpose served by squandering money on another 2-year extension of the Institute for Consumer Justice so that it can study one limited area of possible magistrate jurisdiction.

I would also like to make one additional point. In 1948 the Congress increased the jurisdictional amount in Federal courts to $6,000. In 1958 it was increased to $10,000. Now my subcommittee is currently considering legislation which would raise that amount to $15,000. The purpose has always been to keep the Federal courts from becoming small claims courts. While it may prove feasible and necessary to give magistrates some jurisdiction below $10,000, this is a matter which should be studied and determined by the appropriate committee of this Senate and not by the National Institute of Consumer Justice, which body, I respectfully submit, has little expert knowledge of the magistrate system and how it works.

SENATOR ALLEN HITS BULLSEYE ON REGULATORY REFORM

Mr. PROXMIRE. Mr. President, although I disagree with the distinguished Senator from Alabama on the central importance of a consumer advocacy agency, I must wholeheartedly concur with his ringing call for a commission to go after the moribund regulatory agencies with a meat cleaver.

Senator ALLEN has written a remarkably telling article for the Washington Post on the need for cleaning out and cleaning up the maze of regulatory bodies that make the path of the enterprising businessman so painfully difficult and costly, and in the process aggravate our serious inflation.

This is an article that all Members of Congress can read with benefit.

The enormous number of reports required of business, and especially the destruction of vigorous competition through the cozy relationship between the agencies regulating and the regulated call for the meat cleaver to which Senator ALLEN refers in his excellent article.

I ask unanimous consent that the article be printed in the RECORD.

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

THE NEED TO MONITOR REGULATORY REFORM

(By JAMES B. ALLEN)

In his address on inflation to a joint session of Congress last month, President Ford called upon the Congress to create a National Commission on Regulatory Reform. It would pierce the veil of federal agency press releases and identify for destruction or modification costly programs and agencies which have outlived their usefulness, or which were never useful in the first instance.

The congressional response appears to be enthusiastic. There are seven bills, one of them mine, on this and related subjects already undergoing hearings in the Senate.

Of course there are troubling aspects. Asking Congress to focus on the problems of the Executive Branch at a time like this can be like walking into a pigeon-laden park with a small handful of peanuts.

There is always the danger that the initial flurry of activity will produce little more than a short-term flapping of wings, an attention-diverting phenomenon.

But the potential of this little reform commission outweighs its risks. It is to be unlike other blue-ribbon study groups of recent vintage which were commissioned to tell us how to rearrange bureaucratic blocks or to justify the addition of even more blocks to the federal pile.

The new reform commission is to be handed a meat cleaver and pointed toward several sacred cows. This heretical proposal is in defiance of the old religion of public policy which teaches that the answer to social and economic problems is to create another or larger federal bureaucracy to tell everyone what must be done.

Consider, for example, a recent problem-solving venture. The problem was stated this way: Consumers do not appear before regulatory agencies in sufficient numbers to advocate their interests effectively; they lack time, money and expertise, things that regulated industries, some believe, have in surplus.

The old school solution? Create yet another permanent federal agency before which consumers also will not appear, but have the new agency appear before other federal agencies on behalf of the unheard from consumers. This is the now moribund Agency for Consumer Advocacy (alias Consumer Protection Agency) bill which may be resurrected next year, if organized labor is successful in maintaining its exemption.

The new reform commission proposal represents a refreshingly logical change of attitude. I must confess, however, that under my bill I would mandate that the reform commission objectively study and report back on the viability of an Agency for Consumer Advocacy, along with other alternative measures to increase consumer representation before regulatory agencies.

Hopefully, the popularity of the reform commission proposal represents, at long last, a recognition that the federal government has gotten too large, too pervasive. More government does not necessarily mean better government, but can actually mean government subject to, and capable of, abuse because of its very pervasiveness.

Federal regulatory agencies literally affect our lives from womb to tomb. They are in the business of regulating, and that they do, promulgating millions of expensive new requirements annually in areas that deal with some of the most sensitive phases of our society, economy and governmental operations.

Unfortunately, very few people ever read the Code of Federal Regulations. This is a mountain of ever-changing and always increasing regulatory requirements and procedures, covering most minutely what people can and cannot do, especially people attempting to make a living in a regulated industry. Frankly, many of these regulatory requirements and procedures have taken drastic steps away from the democratic principle of a government based upon the consent of the governed.

It tells you, for example, where and how to make toilet tissue available to employees and what to do about weeds near your factory.

A recent Office of Management and Budget survey on the number of reports required of businesses, just from certain federal agencies, shows that as of this summer 2,178 different types of reports were required and that it took businessmen the equivalent of 35.6 million—that's *million*—man hours to fill them out. And the trend is definitely up.

The extensive attention given to regulatory agencies by regulated businessmen is at once explainable. Allowing the process to continue unabated is not. This necessary familiarity can, and does, breed abuses.

Truckers, major airlines, drug companies and other highly-regulated lions of industry, though they may be lithe and snarling when captured, appear to grow fat and sluggish in their federal circus cages.

It is easy to forget the competitive jungle where you belong, if you are forced to learn to jump through hoops, let your trainer stick his head in your mouth and submit to similar experiences.

But you can take comfort in the realization that cages also can be used to prevent your natural enemies from coming *in*. And if, as you grow old with the man holding the whip, you find that he considers your relationship with him his most valuable asset, it can get downright cozy.

Hopefully, the new reform commission will bring about the retirement of some aged lion tamers and the preservation of an endangered species in this country—the competitive businessman who is not unduly shackled by the bureaucracy.

SPAIN

Mr. KENNEDY. Mr. President, Spain currently is in a state of transition from one era to a hopefully more democratic and more liberal future. Yet that hopeful future is now besmirched by a backlash that has produced in its wake the arrest of Spanish playwright Alfonso Sastre and his wife, Genoveva Forest, a psychiatrist, and 17 other intellectuals.

Various groups charge that these political prisoners have been tortured. A recent article by Barbara Probst Solomon in the New York Times describes the brutal treatment of these individuals.

I would hope the administration would register its concern about these alleged violations of human rights with the current government of Spain.

I ask unanimous consent that this article be printed in the RECORD.

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

[From the New York Times, Nov. 25, 1974]

TORTURE IN SPAIN

(By Barbara Probst Solomon)

Spain is in a chaotic state of political decomposition. The Franco family has been discreetly removing furniture and other valuables from the Pardo Palace to family property in Torrelodones. The Franco estate in Mostoles has been quietly sold. Clearly, the family is preparing for mobility.

From left to ultra-right, the power play for political control is in full swing. The more liberal members of the opposition are hoping that legal political associations will be allowed. The Communist party, which has steadily worked toward an image of respectability, is also trying to negotiate an eventual legal place in a future government.

It is against the background of these confused political events that the current right-wing backlash must be understood. It has led to the bizarre arrest of the famous Madrid playwright Alfonso Sastre and his wife, the psychiatrist Genoveva Forest. It is the most important political case since the Burgos trials; it is the most brutal arrest since the Spain of the nineteen-forties and will undoubtedly be considered an equivalent of the Sacco-Vanzetti trial.

On Sept. 13 a bomb exploded in a Madrid cafeteria generally frequented by Madrid policemen. Twelve people were killed. The Basque nationalist group known as E.T.A., which was responsible for the assassination of the Premier, Adm. Luis Carrero Blanco, last December, was immediately blamed. E.T.A. policy is to claim responsibility for all acts of E.T.A. terrorism; this time E.T.A. disclaimed involvement.

The fact that at the time of the bombing no policemen were in a cafe habitually frequented by the police was immediately picked up by the Barcelona newspaper Vanguardia as giving a somewhat "odd cast" to the affair. Special newspapers suspected ultra-right-wing involvement.

On Sept. 16, Genoveva Forest and seven other prominent intellectuals were arrested. They were charged with being a "link" between the Communist party and the E.T.A. and with having aided the E.T.A. in the cafeteria bombing.

According to the police, the homes of these prominent Madrid and Barcelona intellectuals were used as E.T.A. hiding places. Genoveva Forest was accused of having coauthored "Operation Ogre," a clandestine E.T.A. best-seller that gives a documented E.T.A. account of the Carrero Blanco assassination.

I have read the book. Clearly, it is written in the unique Basque argot, which a non-Basque, Madrid psychiatrist such as Dr. Forest simply would have had no access to. Dr. Forest is of Catalan origin.

Those familiar with the Spanish political scene and aware of the animosity of the conservative Communists and trade unionists toward E.T.A. terrorist tactics consider linkage between the two groups lacking in credibility. Clearly, it is an attempt by extremists in the police to discredit the opposition.

What has most shocked the Spanish and European intellectual community has been the torture used against prominent intellectuals. In an article in Le Monde, corroborated by information received from Amnesty International, the following events have been reported:

Dr. Forest was held incommunicado for 26 days. She was continuously beaten and kicked in all parts of her body. She was told she would be thrown out of a window and that the world would be told that she had committed suicide. When she vomited, she was forced to swallow "the mess", when forced to urinate, she was mocked by twelve policemen.

According to a letter smuggled to her lawyer, Dr. Forest wrote that the severest form of torture for her was psychological and involved her daughter. She was told, untruthfully, that her 12-year-old daughter was being interrogated in prison concerning her parents' activities and that her husband was dead.

Mr. Sastre had of his own volition handed himself over to the Madrid police in an effort to save the lives of his wife and the other prisoners. He is now in Carabanchel prison awaiting trial: According to Spanish law, a husband is legally responsible for crimes committed by his wife.

The other prisoners are as follows: Lidia Falcón O'Neill, a Barcelona labor lawyer and feminist; her husband, the writer Eliseo Bayo Poblador; Antonio Durán Velasco, a labor leader; María Paz Ballesteros, a television actress; her husband, the producer Vicente Sains de la Pena; María del Carmen Nadal, a teacher; her husband, an airline pilot, Bernardo Vadell Carreras. All have been tortured.

Apparently the continued use of torture these last two months on Genoveva Forest has been successful. She has been charged with the murder of Admiral Carrera Blanco.

WASHINGTON STAR-NEWS SUPPORTS NURSING HOME REFORM

Mr. MOSS. Mr. President, on November 19 my Subcommittee on Long-Term Care of the Senate Special Committee on Aging released the first of a 12-volume series on nursing home problems. This report is the culmination of many years of work for me. From 1969 through 1973 alone the subcommittee held 22 hearings and received almost 3,000 pages of testimony.

It was my intention from the beginning to document nursing home problems; to separate fact from fiction. Having the facts before us the members of the subcommittee could press certain reforms already introduced and introduce new measures.

The second volume in our series, "Nursing Home Care in the United States: Failure in Public Policy," will be released in a few days with other volumes following monthly. I hope that the second and subsequent volumes receive the support and attention given to our introductory report.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from Tuesday's Washington Star-News.

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

(See exhibit 1.)

Mr. MOSS. Mr. President, the editorial makes many of the points I have tried to make in the past. The editorial suggests that reforms must be made immediately. It suggests that the Congress must guarantee at least minimum protections to the Nation's infirm elderly. It underscores our findings that the Department of Health, Education, and Welfare must make a more serious effort to regulate the nursing home industry.

I pledge myself to these ends and to making nursing home coverage more readily available to the thousands who need but cannot afford it. I am gratified that so many organizations, including nursing home spokesmen, have communicated their wish to aid in this effort.

As the Washington Star-News suggests, something must be done and something must be done now. The alternative is that future generations will continue to be shocked and appalled by conditions which fester as a result of our inaction.

EXHIBIT 1

[From the Washington Star-News, Dec. 3, 1974]

NURSING HOME ABUSES

Having rediscovered the nation's nursing home mess, Congress must be less prone to forgetfulness than in years past. Every two or three years, it seems, the miserable plight of aged people in substandard nursing facilities is brought to light with expressions of outrage on Capitol Hill, then the issue fades away. The shabbier "human warehouses" keep operating pretty much as they had before, reaping big profits off misery. But perhaps the latest uproar, raised this month by a Senate subcommittee, will bring results.

Certainly the findings of this panel, headed by Senator Frank Moss of Utah, should be startling enough to have some impact on the next Congress. They are not unlike the revelations of abuse and squalor which were brought out in hearings three years ago. They point to a frustration of reforms which Congress thought it was instituting in legislation passed seven years ago. Moss accuses the Department of Health, Education and Welfare of "neglect, indifference and ineptitude" in protecting the interests of patients in one-half of the nation's nursing homes. HEW's reply is that significant progress has been made in the past three years, and this is true. But progress, nonetheless, has been much too slow, and HEW raises a very hazy alibi in implying that faster application of higher standards will cause many aged people to be without any nursing facilities at all.

This becomes doubly apparent when one views the sorry picture of performance in much of the fast-growth nursing home industry, as revealed in this report. More than half of the nation's 23,000 homes still fail to meet federal standards, the panel found, and a majority of the one million people in nursing facilities receive inadequate care. In an "alarming number" of cases, patients suffer abuses, or even exposure to physical danger. Filthy conditions persist in numerous homes, along with fire hazards. Frequent errors in medication, most notably the overuse of tranquilizers, are a major complaint, and poor or unwholesome food is served to many oldsters in their bleak exile. "In many cases," the report says, "they have not even received humane treatment."

Well, these conditions need not and must not continue, for public funds now account for two-thirds of all nursing home revenues and the federal government obviously can call the tune, if it has the will. A major problem is that too much responsibility for enforcement of standards has been left to the states, whose record in this respect is poor indeed. And though HEW was given extensive regulatory power, the report says it has issued "watered down" standards that were "weak, vague and misleading."

Legislation is being drafted to require stronger enforcement and improved nursing care in general, and, in the name of human decency, the next Congress must take meaningful action. A great many of the aged receive good and compassionate care in nursing homes, but the nation simply cannot doom all those others to live their last years in shameful neglect. Not when all of us are paying so much of the bill.

THE PRESIDENT AND THE ECONOMY

Mr. BAYH. Mr. President, I was both pleased and terribly troubled in listening to President Ford finally address himself Monday night to the Nation's most critical problem—the economy. I was pleased that the administration, now that the elections are over, is slowly coming around to the realization that we are in the midst of a worsening recession.

I was terribly troubled, however, by the President's advice to avoid undue alarm. Mr. President, I am alarmed by the state of our economy. I am alarmed when Alan Greenspan, the Chairman of the Presi-

dent's Council of Economic Advisers, predicts unemployment in excess of 7 percent within the next 6 months. But I am most alarmed at the way in which the present administration has failed to address itself to the twin problems of recession and inflation. I am alarmed because there is nothing on the horizon to indicate that stagflation will be cured by natural causes. Left to run its own course, it will destroy our economic and social fabric in the process. The "wear your WIN button" approach will not solve our problems.

Mr. President, for months many of us in Congress have been warning that a hands-off policy would lead us from no growth to minus growth, from a slowdown to a recession—and that is precisely what has happened. At first, the administration refused to recognize the downturn. Today the same administration spokesmen who a few weeks ago refused to acknowledge that we were in a recession are now predicting when we will be getting out of a recession. This is hardly a track record to inspire confidence.

There is indeed cause for alarm. All indications are that the downturn is spreading over a broad range of economic activity. The index of economic indicators forecasts deepening recession. With unemployment likely to rise to 8 percent—a point we did not even reach in the 1958 recession—and with continued inflation, I do not think it is an exaggeration to say that unless we make a sharp change in current policy there is a real danger that unemployment and inflation figures could meet somewhere over 8 percent by mid-1975. This would be a strange and most unfortunate summit meeting.

President Ford has had nearly 4 months in office. During that time, the Nation has waited and hoped for decisive action to set our economy straight. No such action has come. Many of us hoped that the elections on November 5, would bring the President to bite the bullet, but evidently this is not the case. We in Congress are left by default with the responsibility of providing a sound economic program, and we must act quickly.

We must speed up our consideration of legislation to allocate credit to important sectors of our economy such as housing, and away from speculative use. If the Federal Reserve fails to further ease its policy of tight money, such legislation will be a necessity.

We must swiftly enact an effective public service employment program, rather than the poorly funded and restrictive program proposed by the President.

It is time we enact a balanced tax reform and tax relief package. Proposals in this area have been thoroughly considered by both Houses of Congress in recent years. The issues are clear, and we should move to insure that all, including the wealthy and powerful, pay their fair share of taxes while providing relief to those who have suffered most from inflation.

It is also time that we reduce the impact of oil prices on our economy by reenacting the price rollback legislation which was vetoed by President Nixon. We must direct immediate attention to energy conservation including auto efficiency and home insulation legislation.

There are several other measures which Congress must take up in the next few months—increasing our investment in coal research, strengthening our antitrust laws, reforming our unemployment compensation system, and reviving the Reconstruction Finance Corporation—to name just a few. Perhaps no message came through quite so clearly during the President's press conference than that the responsibility for providing leadership in economic policy has been passed to Congress.

I believe that the Congress rightly views our current economic predicament with alarm. That is an important first step. Hopefully, it will propel us to act decisively and quickly—in contrast to the paralysis that seems to have gripped the administration's economic policymakers and the President. Under our constitutional structure Congress cannot run our governmental system. Congress is not an administrative body. But, Congress can and must speedily pass those programs needed to put our Nation on a different economic course. Hopefully, the President will then administer these new programs and get our Nation moving again.

SEYMOUR KAPLAN

Mr. JACKSON. Mr. President, recently we in the State of Washington lost one of our most distinguished citizens and one of our great humanitarian leaders. Seymour Kaplan lived a life dedicated to the service of his fellow man and committed to the development of the full potential of each of our citizens. On October 21, Rabbi Norman Hirsh of Temple Beth Am in Seattle expressed our deep feelings over Sy Kaplan's death. I ask unanimous consent that the text of this moving eulogy be printed in the RECORD.

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

EULOGY FOR SEYMOUR KAPLAN

Sweet, gentle, loving—these are the words we use about Sy Kaplan. But our tears speak better than words. How many of us, after the first shock, could not contain our tears?

Sy was a loving man. He felt and cared about everyone. His love was not an abstract love for mankind. Sy dared to feel. He never learned to harden himself against people; he never learned to protect himself from the pain love brings. That was his greatness and, I believe, the essence of the man.

Sy listened to people. He could accept people as they are. If something was important to you, it was important to Sy. He had a gentleness rare in a leader. He was uniquely thoughtful.

I don't think Sy knew it, but he personified many of the truths he taught. He was the best of all his resources—himself. He was the best lesson in brotherhood—that a human being can become a truth.

He taught us that to do we must be. Sy was trusted and beloved in both the Jewish and the non-Jewish community because of his humanity.

He served with ADL for 25 years. More than anyone else, it was Sy who brought human relations into Northwest schools. He was a superb resource for schools in helping teachers overcome prejudice and accept differences. He worked quietly behind the scenes.

In the midst of emotion, he was steady. Human relations was not a job for him; it was a dedication. He was a true professional, but he avoided that indifference to individuals which is the curse of professionalism.

Sy was a religious Jew, a synagogue Jew. Despite his exhausting schedule, he served Temple Beth Am both as president and one of its cantors. Sy felt that God required something from him. When he made a decision he truly would ask himself: What is the right thing to do? Sy was an "eved adonai," a servant of the Lord.

He was a man responding to diverse and pressing challenges, often beseiged; even his exhaustion emphasized his humanity. Close to life, he learned to cope with its many-sided demands.

Sy was a dedicated Jew, capable of serving the entire Jewish community. Indeed, he personified what a good Jew should be. The prophetic teachings were part of his life.

He loved the land of Israel. Sy knew the heart of the stranger—the heart of his own people, the heart of the Black, the Chicano, the Indian, the farm worker in the field, the minority child in the classroom, the oppressed Jew in Russia.

In his wallet, Sy carried a favorite quotation by Sheldon Blank, professor of Bible at Hebrew Union College, Cincinnati. It reads "Judaism is not something we have, it is something we do."

Although he loved Jewish books, music and worship, Sy never forget that Judaism is a religion of the ethical deed. He appreciated the doors of Beth Am synagogue with the words 'mishpat v'hesed,' justice and mercy, sculptured across them.

Sy loved his family although he did not spend all the time he wanted to with them. Yet they knew he loved them, and when they needed him, he was there, Unlike many busy men, he somehow did not sacrifice his family.

Sy and Sarah were married nearly 25 years and were beautifully matched—sharing so many concerns and interests. They lived and worked through many trials together.

Sy loved his children deeply and lived to see them solidly rooted as Jews and human beings. Freud, in his old age, once was asked what a healthy human being should be able to do. The master replied, "to love and to work." Sy achieved both.

Sy, we treasure your memory and the love you gave us. We find comfort in a life lived so nobly. Your life was a credit to you, to humankind, and to our Creator.

I believe I may dare to assert that God is proud of His servant Seymour.

"Zacher zadik l'vrachah"—the memory of the righteous is a blessing.

THE GENOCIDE CONVENTION AND OUR FIRST AMENDMENT FREEDOMS

Mr. PROXMIRE. Mr. President, article III of the Genocide Convention makes it a crime to engage in "direct and public incitement to commit genocide." This provision has given rise to legitimate concern regarding the effect of this provision on our first amendment right of free speech.

I am happy to report, Mr. President, that this provision does not endanger these precious rights.

Over the years the Supreme Court has drawn a distinction between two types of free speech: advocacy and incitement. Advocacy of any political philosophy or belief—even overthrow of the Government—is protected by the first

amendment. However, the Supreme Court has concluded that "where such advocacy is directed to inciting or producing imminent lawless action and is likely to incite or produce such action," the first amendment does not apply.

A simplistic example would be the right of any individual to urge that the system be burned down. However, if he hands out kerosene and torches at the same time, the situation is much different.

Thus, the Genocide Convention focuses upon the latter type of action—direct and public incitement—which the Government clearly has the authority to control.

This is a position with which the American Civil Liberties Union agrees—an organization dedicated to preserving our freedoms. I ask unanimous consent that the testimony of Mr. Hope Eastman, assistant director of the Washington ACLU office, on the Genocide Convention be printed in the RECORD.

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

STATEMENT OF HOPE EASTMAN

My name is Hope Eastman. I am the Assistant Director of the Washington Office of the American Civil Liberties Union. I am an attorney and a member of the State Bar of California. On behalf of the ACLU, I would like to thank the Chairman and members of the Subcommittee for this opportunity to appear today in order to add our voice to the many others who have already spoken in favor of ratification of the United Nations Convention on the Prevention and Punishment of the Crime of Genocide.

The American Civil Liberties Union strongly endorses the ratification of this U.N. Convention on Genocide. This Convention was adopted by the United Nations in 1948 and has been ratified by seventy-five countries. The provisions of the Convention are fully in accord with the civil liberties and civil rights provisions of our Constitution. The Convention is in all respects consistent with the Constitution, laws and ideals of the United States. Moreover, ratification of the Convention, which would have a beneficial impact on world opinion of the United States and which would be a valuable contribution to world law, would clearly serve our national interest. It deals with a subject which is a matter of international concern. Ratification of this Convention is, therefore, a proper exercise of the treatymaking power of the Constitution. These essential points have been amply documented by the recent reports on the Genocide Convention by the American Bar Association's Section of Individual Rights and Responsibilities, and by its Standing Committee on World Order Through Law, and by "A Report on the Treatymaking Power of the United States in Human Rights Matters" of the Special Committee of Lawyers of the President's Commission for the Observance of Human Rights Year 1968.

I do not think it is necessary for me to repeat the constitutional and legal arguments so thoroughly covered by these reports, but I would like to comment briefly on one point in which the American Civil Liberties Union has a particular interest and, we think, some special competence. Some critics of this Convention have argued that ratification of the Convention would conflict with the First Amendment. The American Civil Liberties Union is well known for its vigorous efforts to protect the First Amendment rights and we would not hesitate to criticize this Convention if it violated the First Amendment. But it clearly does not. Ratification of this Convention could not obligate us to ignore the First Amendment and is in fact completely consistent with the decisions of the Supreme Court which over the years have amplified for us the scope of the constitutional guarantees of speech and press.

Critics point to Article III of the Convention, which makes it a crime to engage in "direct and public incitement to commit genocide," as evidence for their assertion that the Convention infringes the First Amendment guarantees of freedom of speech and press. This assertion is entirely erroneous. The First Amendment does not protect conduct which involves efforts to incite to immediate unlawful action. The First Amendment would, we believe, protect the advocacy of genocide. But the Convention does not make this a crime. It seeks to ban only "direct and public" incitement. This standard is fully consistent with Supreme Court decisions drawing the line between protected speech and prohibited direct and immediate incitement to action. This standard has been most recently enunciated by the Court in *Brandenburg v. Ohio*, 395 U.S. 444, 447 (1969), where the Court said:

". . . the constitutional guarantees of free speech and free press do not permit a State to forbid or proscribe advocacy of the use of force or of law violation *except where such advocacy is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.*" (Emphasis added.)

Although the Convention's standard meets the prevailing definition of the scope of the Constitution, one further point should be mentioned to negate any fear of conflict with the First Amendment. Should a particular indictment produce a conflict between the Convention and the First Amendment, the First Amendment would prevail. Article V of the Convention obligates the contracting parties to enact, "in accordance with their respective Constitutions" implementing legislation necessary to make these offenses punishable in their countries. Moreover, it is axiomatic that, as a matter of constitutional law, a treaty could not validly obligate the United States to do anything the Constitution prohibits. If a case arose under implementing legislation enacted by the Congress to make "direct and public incitement to commit genocide" a criminal offense in the United States, the accused person would still have to be prosecuted and convicted under those criminal procedures which protect all persons accused of committing a crime in this country. The Supreme Court could invalidate a conviction if it found that the acts with which the defendant was charged were protected by the First Amendment and did not constitute the kind of incitement which falls outside the protection of the First Amendment. Ratification of the Convention would in no way diminish the Court's power to apply the First Amendment.

As the constitutional objections to the Convention have been shown by many to be without substance, there is no legal obstacle to U.S. ratification of this Convention. The United States should move promptly toward ratification. This country played a leading role in the adoption of the Genocide Convention by unanimous vote of the members of the U.N. General Assembly in 1948. Since then the United States has continued to work for the promotion of human rights through the United Nations. However, the United States failure to ratify this Convention in the twenty years since its adoption, when coupled with a similar lack of movement on some of the other human rights conventions, casts serious doubt on the sincerity of our efforts and of our stated commitment to human rights. Our concern about human rights in the international community must be accompanied by a willingness to obligate ourselves to act in accordance with these same international standards. Ratification of the Genocide Convention would be a long overdue step in the pursuit of truly effective international human rights throughout the world.

DÉTENTE AND THE EXIMBANK

Mr. BAYH. Mr. President, for the last 2 days, I have voted against invoking cloture on debate on the Eximbank conference report. Yesterday, along with the majority of the Senate, I voted to table the conference report.

Mr. President, I regret that the Senate had to further delay the extension of the Eximbank, an institution which has made some significant contributions toward increasing the exchange of commodities between the United States and foreign countries—exchanges that would not have taken place were it not for the financial backing of the Eximbank.

While I feel the Eximbank has made many important contributions in furthering the exchange of commodities between this Nation and underdeveloped countries in particular, I regret to say that I feel the purpose for which the Eximbank had been created—to further trade initially with the Soviet Union and after 1945, with underdeveloped countries in general—has been frustrated by current attempts to use Eximbank as a tool for détente.

Détente, like so many other concepts in these frenetic times, means many different things to different people. I think that it is time that we come to grips with exactly what détente is and what it is not.

The underpinnings of détente come from the basic principles and accord signed in May, 1972 and June, 1973. They provide:

First, that neither the United States nor the Soviet Union will seek unilateral advantage;

Second, both will refrain from threats; and

Third, both will do everything possible to avoid creating international tensions.

Recent history, particularly last October's war in the Middle East, should have taught us that the Soviets had no intention of practicing these three glowing principles when it is to their advantage to do otherwise. I am afraid, however, that few learned. The President ignored the real meaning of the war and claimed on national TV that détente had saved the day and brought peace.

The whole purpose of stable relationships with foreign powers, the whole purpose of détente as expresed in the principles we have discussed, is to prevent war. And in the Middle East last fall, there is no question that there would have been no war if the Soviet Union had lived up to the basic principle and accord and restrained the Arabs at the outset. Yet the Soviets not only did not restrain the Arabs, but they also supplied the weapons to continue the conflict. Contrary to the President's assessment, the Soviet Union was not a reluctant dragon.

The Soviet Union supplied 5,000 tanks, 1,000 fighter planes, 2,000 artillery pieces, and the latest missiles and antitank weapons. It made over 500 cargo plane shipments for resupply.

Our State Department's intelligence knew exactly what was going on in the Arab world in September. Yet we did nothing. The administration knew there could be no war without massive Soviet participation—but détente delayed the administration into believing that the Soviets would not underwrite another war in the Middle East.

Just as the Middle East war provided us with a better notion of how the policymakers in the Kremlin view détente, so would a closer examination of our commercial relations with the Soviet Union lead to a more realistic view of détente.

One crucial aspect of these commercial relations with the Soviet Union has been the Eximbank. The Soviet Union has received over $367 million in direct loans from Eximbank over the last year. This figure was topped only by direct loans made by Eximbank to Yugoslavia at $376 million. These loans to the Soviet Union were made at 6 and 7 percent interest rates—rates not available to those American industries and businesses which export over 95 percent of American goods without Eximbank assistance.

When I see that Eximbank is in the process of funding Soviet fossil fuel research projects while Americans at home are reeling from the oil shortage and energy crisis, I think the time has come to question just what role we wish the Eximank to play.

The Senate, in its consideration of the extension of Eximbank, tried to reassess this role and to place on the Eximbank only those restrictions which would prevent Eximbank from becoming a tool in what appears to be a very shortsighted view of détente. This view of détente fosters the establishment of commercial relationships that will provide the Soviets with low-cost commodities and large infusions of low-cost capital to develop Russia's natural resources. I am sure that most Americans would not support this definition of détente.

When the legislation to extend Eximbank comes out of the new conference, I hope that we can once again see Eximbank continue in the role that it was originally designed to play—a role which fosters the growth of American exports and imports in a way that strengthens our role in the world market, by providing jobs for American workers and markets for American farmers and businessmen as well as helping these developing countries which would not otherwise be able to expand their own economic growth.

CONDOMINIUM OWNERSHIP

Mr. BIDEN. Mr. President, condominium ownership has emerged in recent years as an attractive form of home ownership. Diversified forms of home ownership including that of condominiums should be encouraged. However, difficult experiences besiege many owners of condominium units. There are attractions to this type of ownership which include tax deductions, relative freedom from maintenance, buildup of equity, and access to communal facilities. The purchaser finds that his or her money, time, and welfare depend on others in a unit owners association because he or she is a joint owner of the pipes, wires, and other common elements.

The National Association of Home Builders predicts that this year condominiums will account for nearly one out of four single family housing units sold. According to a Housing and Urban Development survey, almost 50 percent of new units for sale last year in 25 metropolitan areas were condominiums. In addition to new construction activity, the condominium boom is being intensified by the steady conversion of rental units to condominiums.

On October 9 and 10, the Senate Banking, Housing and Urban Affairs Committee held hearings on S. 3658, the Condominium Disclosure Act, and S. 4047, the Condominium Act of 1974 to hear the grievances, bring the issues into focus, and to discuss the suggestions by Senators PROXMIRE, BROOKE, and myself that Federal regulations, including disclosure, are necessary. We also heard testimony on what practices should be absolutely curtailed, because abuses have become so grave that a law is needed to protect people.

During the last several months, major newspapers have depicted the abuses and unforeseen difficulties plaguing condominium owners. In an article printed in the Washington Post on September 21, 1974, Thomas Lippman interviewed owners of condominium units in Colchester Towne, Md., who complained that the developer, faced with slow sales and high costs, was beginning to rent units to their possible financial detriment. Since rental tenants are entitled to use the pool, laundry facilities, and utilities, the renters pay less in rent than it would cost to buy. According to the article:

> This practice is becoming common as condominium projects flood the market and sales have slowed at some projects, but it has attracted little attention, except from buyers who move into what they thought would be a community of owners, not renters.

With housing starts in decline, the rental market at a standstill, and condominiums accounting for nearly a quarter of all housing units sold, some viable alternative to the harsh impact on the poor and elderly is needed. In an article printed in the New York Times, Walter Rugaber pointed out that the practice of converting a building to a condominium is catching on because of profit:

> There are still powerful forces behind the spreading condominiums . . . Some of the reasons are apparent . . . The principal factor probably is the greater profitability in selling a building unit by unit rather than as a whole.

In response to this situation, for example, the municipal government in Washington, D.C., has imposed a moratorium on conversions.

The city of Miami, Fla., which has experienced expansive growth of condominium development, has also experienced some of the most complicated problems. At the exotic Emerald Isles West, many buyers put down a full 25 percent of the purchase price, and received a promise that they would get 10 percent of it back at closing. Now that the development corporation is discussing bankruptcy and already gone into foreclosure, the buyers, with $1.5 million in deposits at stake, may not recoup their investment. As Evan Cooper describes in the Miami Herald, many buyers out of State, are waiting to find out whether they will ever take title to the apartment or get the deposit back:

> While the future of the depositors' money is uncertain, one fact is clear: The emotional and physical toll on Emerald Isles West buyers has been enormous. As one said: "I can't believe we have nothing left."

Finally, Douglas Watson, in a series of articles which were printed in the Washington Post describes the bleak economic situation at Ocean City, Md., one of the first cities inundated by condominium speculators. Most of the units at Ocean City during the height of the condominium craze stand empty now—casualties of overspeculation, the gas crisis, and the economic recession:

> Ocean City issued building permits for 109 condo units in 1967, 181 in 1968, 309 in 1969. Then the boom really got going. The city issued building permits for 1,077 condo units in 1970, 1,258 in 1971, 3,594 in 1972 and 3,064 in 1973. The bottom fell out of Ocean City's condominium market this year and only 139 building permits have been issued, none since May.

The decline and near economic ruin of the condominium market at Ocean City is the result of speculators who just rushed in to buy condominium units, but never intended to complete settlement and live in the units. In a special report, the Economics Research Associates points out that developers and their financial backers failed to differentiate speculative buying from the real market for second home condominiums and long-term investment property with the result that no planning has created worse conditions.

Mr. President, I ask unanimous consent that the text of these five informative articles be printed in the RECORD at this point in my remarks.

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

[From the Washington Post, Sept. 21, 1974]

CONDOMINIUM OWNERSHIP—I

(By Thomas W. Lippman)

For the school teachers and policemen and military families and government workers who live there, Colchester Towne is the foundation of their economic future.

With meager savings and family incomes under $20,000 a year, they had little hope of buying that suburban dream house they wanted, at today's prices.

But Colchester Towne, a garden apartment condominium development just off U.S. Rte. 1 in Fairfax County, offered them the promise of good living now and prosperity ahead.

For a small down payment and a total price of about $26,000, they could buy their own apartment, with air conditioning and use of a swimming pool, reap the tax benefits of property ownership, and watch the value of their investments grow. It was the same combination of necessity and opportunity that has induced tens of thousands of

Washington-area residents to buy condominium apartments.

But the condominium is a relatively new form of real estate and has yet to become established as a reliable long-term investment. Last week, 26 buyers of Colchester Towne apartments, fearing that current conditions there have jeopardized their investments, filed a complaint with the Virginia Real Estate Commission.

Their chief grievance is that the developer, faced with slow sales and high costs, has begun renting some of the unsold units, a move that the buyers feel could lower the value of the entire community.

This practice is becoming common as condominium projects flood the market and sales have slowed at some projects, but it has attracted little attention, except from buyers who move into what they thought would be a community of owners, not renters.

In response to the complaint from Colchester Towne, however, Virginia officials have promised an investigation "to determine if the developer, . . . has violated any provision of the Virginia condominium law."

"This is the first thing I bought," said William Dell, a Patent Office computer specialist with a wife and two children, who organized the residents' protest. "None of us want to move. We shopped location and price and we feel this is a good deal. But people are screaming because they feel that in two or three years they won't be able to sell."

He said rental tenants are entitled to use the pool, laundry facilities and utilities at Colchester Towne, just as the purchasers are, but pay less in rent than it would cost to buy. "Would you spend $30,000 for a home with mortgage payments of $290 a month and a condominium fee of $79 when you could rent the place for less with no obligation?" Dell asked.

He and other owners said they had no objection to the rental tenants as individuals, but were protesting the idea that there should be any rentals at all.

The developer of Colchester Towne, Dr. Cyrus Katzen, a prominent builder, did not return repeated telephone calls to his office.

Employees at the project said rentals were being offered only to prospective purchasers, but at least some rental tenants say they have no intention of buying and said so when they signed their leases.

Colchester Towne is a 200-unit project situated just off U.S. 1, between the Beltway and Ft. Belvoir, behind the Mount Vernon Drive-in theater and next to a mobile home park. In design and layout, it is similar to thousands of other garden apartments throughout the Washington suburbs, but because developers find rental housing unprofitable in the current economic squeeze, the apartments were intended to be sold to their individual occupants.

A "public report" on the project by the State Real Estate Commission, "issued for the purpose of preventing fraud, misrepresentation or deceit" and given to all prospective purchasers, says that "the developer intends to sell all 200 units in the project and to retain none for rental."

The protesting buyers say they do not doubt that Katzen would in fact prefer to sell the 100 or more units still available, but question his right to rent then as an alternative.

"I'm pleased with the area, but I'm worried about my investment," said James Grasewicz, a D.C. policeman. "The people who are really getting hurt are the military. If they get transferred next year they can't sell, and they can't charge a high enough rent to cover their costs. If I had it to do over again, I wouldn't touch a condominium."

"I love it, and I hope I don't have to move," said Lynn Niederstrasser, a school teacher. "But the biggest concern is the value of our property. It's not fair that rental units go for $245 and they get everything we get, when the owners are paying more than $300 a month."

With housing prices rising all over the metropolitan area, property owners have come to expect that their homes will rise in value, and the sales pitch at Colchester Towne caters to that expectation.

In addition to offering "fun facilities" and "super floor plans," the brochure says, "Get Rich! Your Colchester Towne condominium becomes part of your family's assets. You can sell it, lease it, will it, just like any other form of real estate. And if, like most real estate, your Colchester Towne condominium increases in value, then the profits belong to you when you sell!"

"There is a basis for complaint," said State Sen. Joseph Gartlan, who met with the protesting residents Monday night. "They come under the old Virginia condominium law, which requires that a developer, in the event of any change in the set-up or use of the project, notify the commission and the buyers . . . when you switch to a predominantly rental operation, and the utilities are centrally metered, the costs are going to go up" because the bills are paid by the project as a whole and the renters, whose costs are fixed, have no incentive to hold the bills down.

In many condominium projects, the bank or mortgage company that is providing mortgage money to the buyers will not go to settlement and make the purchase final until 50 per cent of the units are committed under sales contract.

But at Colchester Towne, according to William Blomquist, president of Colonial Mortgage Co., he had an agreement with Katzen to go to settlement when only 25 per cent, or 50 apartments, had been sold. So the early purchasers, instead of being able to back out when they saw what was happening, are now locked in because they have already settled.

In real estate transactions, settlement is the point of no return. Until settlement, either buyer or seller can back out, though the buyer may forfeit his deposit if he does so.

At settlement, the buyer receives his deed, signs his mortgage and takes the keys, and from that time on the property belongs to him and his debt is to the mortgage lender. The original owner or builder is free of any legal responsibility for the property, except where there is a separate agreement or contract between parties.

"There's no question in my mind that Katzen is going full condominium," Blomquist said. "The people who are renting are not on long term leases. They have options to buy and are waiting to save up the down payment.

He said Katzen was forced to rent some apartments because he was being "eaten up" by the cost of carrying the unsold units.

[From the New York Times, Sept. 28, 1974]

CONDOMINIUM OWNERSHIP—II

WASHINGTON, Sept. 27.—Kathleen M. Jackson, a retired college professor who had lived in a quiet old building on Connecticut Avenue for 14 years got the option several months ago of buying her apartment or moving out.

Her new landlords, citing a backbreaking interest rate, an expensive renovation program, and a belief that residential rental properties are no longer attractive investments, had announced plans to convert their units into condominiums.

Miss Jackson never seriously considered buying her apartment. Faced with eviction in 60 days, she instead became one of a rapidly growing number of abruptly uprooted Americans searching urgently for a new place to live.

Her experiences reflect most of the difficulties encountered by tenants in cities across the country who are cast adrift by the conversion of their apartments into condominiums they often cannot afford.

Miss Jackson carefully studied the classified advertisements, canvassed the neighborhood, and paid fees to so-called "apartment locators." At one point she published this appeal in a neighborhood newspaper:

"Cat lovers please help—retired professional woman and 2 retired cats being displaced after 14 years at Cleveland Park address by condominium craze needs 1 bedroom, basement or garage apartment, etc.

None of these tactics were successful. The "condominium craze" not only forced Miss Jackson out of her home but also—by eliminating other rental units—made it more difficult for her to find a new one.

Furthermore, the trend in Washington and in other cities, together with nationwide forecasts, suggests that the rush to convert will eventually wipe out huge portions of the rental market.

By last June 30, according to estimates of the Metropolitan Washington Council of Governments, 20,618 apartments in the area had been converted from rental to condominium units.

Almost all the change has occurred since 1970. There were 572 conversions in 1971, 3,563 in 1972, 8,439 in 1973 and 4,923 in the first half of this year. New construction, meanwhile, has produced more than 24,000 additional units.

In 1970, 87 per cent of the area's new multifamily housing was rental and 12 per cent was condominium; this year the figures are reversed: 86 per cent in condominium and 13 per cent is rental.

While only about 4 per cent of the area's 500,000 units have been converted so far, the change is uneven geographically, economically and socially; 9.3 per cent of the apartments in suburban Fairfax, Va., for example, have been converted.

More important, Government predictions that half the nation's population will live in condominiums within 20 years imply a shift in housing patterns so vast as to require wholesale conversions throughout the country.

"I think the time will come when most of the soundly built, well-situated buildings in the United States will be converted," remarked David Clurman, an Assistant Attorney General in New York, who is a leading condominium expert.

Landlord-tenant relationships—often embittered by rent controls, inflationary pressures and other problems—tend to be greatly exacerbated by the condominium trend.

POLITICAL ISSUE

Conversions have become a major political issue in many urban areas. Government leaders sometimes profess to be torn between respecting an owner's right to sell his property and easing the hardship of eviction.

But some state and local governments either are considering or have taken steps to control the tide of conversion.

Two of the most common approaches are contained in legislation approved last June in New York State.

The principal requirement of the new law is that before an apartment building can be converted into a condominium 35 per cent of its tenants must have agreed to buy their units.

The legislation, sponsored by Assemblyman John C. Dearie, Democrat of the Bronx, and Senator Roy M. Goodman, Republican of Manhattan, also requires landlords to give two years' notice of eviction to those who decline to buy.

In Washington recently, the local government imposed a 60-day moratorium on conversions after Mayor Walter Washington de-

clared that an "emergency situation" had resulted from the sharp decline in rental housing.

The Mayor proposed a six-month extension of the freeze, during which time the Ctiy Council could work out long-range condominium regulations. A building industry spokesman held out the possibility of a legal challenge.

HIGH COST OF BUILDING

There still are powerful forces behind the spreading condominium, a form of ownership under which individuals hold title to a particular apartment and a joint interest in common areas such as swimming pools and corridors.

Some of the reasons for conversion are apparent, others much less so. The principal factor probably is the greater profitability in selling a building unit by unit rather than as a whole.

"Make no mistake about it," declared Robert Klein, who has converted a 255-unit apartment building in Miami Beach. "The principal reason for conversion is profit or, if you will, greed," Mr. Klein explained.

"If you sell an apartment house (as a whole) you expect to get at most six times its total annual (rental) income. With conversion it's at least 10 times as much (as the rental income)."

High construction costs make existing buildings attractive targets for conversion. Moratoriums on new sewer line hookups and other limitations on growth also encourage the change in some areas.

Investors seem to regard the risks of rental property as no longer acceptable. Taxes, utility bills and labor costs are soaring, they complain, and rent controls either hold down income or threaten to do so.

Bad feeling contributes to the unpopularity of rentals. Landlords sometimes are attacked as cruel profiteers, or worse, and they in turn often assert that the militant demands of organized tenants make their positions impossible.

The atmosphere in New York is especially stormy. One of the city's biggest landlords, Harry Helmsley, provoked a storm of tenant protest in the Bronx when he moved to convert the huge Parkchester complex there.

The attempt prompted Assemblyman Dearie, a Parkchester resident, to sponsor his restrictive legislation. Mr. Helmsley said he still would convert every one of his rental properties "if I could."

"Tenant power!" he exclaimed acidly. "If they want tenant power, let them own the buildings," he said. "There's no room for the landlord any more. Tenants should own the buildings."

While not all tenants oppose the conversion of their apartments most would rather rent. Real estate experts have said that as a rule, no more than about 25 per cent of the occupants buy their apartments and stay on after conversion.

More modern buildings are thought to be easier to convert because the prices, when translated into monthly mortgage and maintenance payments, are apt to come closer to the rent tenants are paying.

PROBLEMS FOR BUYERS

Buying a converted apartment can present the consumer with problems not encountered in new condominium units. The Department of Housing and Urban Development has outlined the chief consideration as follows:

"You will not only become the owner of a dwelling unit but also a joint owner of the pipes, wires and other common elements. If rehabilitation is necessary after the property has been converted the new owners will have to bear the cost."

"If the condominium has insufficient reserve funds to pay the cost, the money would have to be obtained by special assessment against the owners, or from a lender. If a loan is obtained, all owners would normally have to sign the note."

"Notwithstanding the reputable majority, it should be kept in mind that there are some speculative operators who might attempt to use [condominium conversion] as a 'dumping ground' for undesirable properties."

The department recommended obtaining an engineering report to learn the condition of common elements, but a group of tenants and owners in a Philadelphia suburb has learned that things are not that simple.

A group of investors moved last year to convert a nine-story, 228-unit luxury building—rents are as high as $1,800 a month—at 191 Presidential Boulevard in the Main Line community of Bala-Cynwyd, Pa.

The tenants, some of whom had invested large sums in their apartments, immediately organized an association and hired a lawyer in Philadelphia, Tom P. Monteverde, to represent them.

"Here are people who are affluent and who are able to hire a lawyer to find out what's going on, and they're still having a rough time," observed Elaine Leiberman, the association's treasurer.

HINDERING CONVERSION

Mrs. Leiberman and other tenants have insisted that they do not question the basic right of the owners to convert, but so far they have managed to block the process by demanding full disclosure and by raising a range of issues.

Those have ranged from doubts about the structural integrity of an outside wall and "problems with the roof" to charges that "there were no filters in the swimming pool" and "the fire alarm system did not meet current standards."

The owners produced a report by an independent group of engineers on the "existing mechanical systems" in the building, and they promised to spend more than $1.1-million on capital improvements.

The tenants group remained dissatisfied contending that the available information was inadequate and misleading. They filed a civil lawsuit early this year in an attempt to prevent conversion until their complaints were settled.

THE EXPENSES OF MOVING

The tenants have lost the court tests so far, but in a hostile atmosphere they have continued to press the case while owners have threatened to begin evictions. Mrs. Leiberman said, "We need Henry Kissinger."

Tenants unprepared to buy their apartments ordinarily find there is nothing for them to do but to move. Some of the individual costs involved can be counted in the recent experience of Kathleen Jackson.

Her building, at 3100 Connecticut Avenue (near the entrance to the National Zoo), was put up about 45 years ago and survives as a unit in one of the city's more fashionable apartment corridors.

It was one of five structures in the immediate area purchased last March 15 in a $6-million package deal. A spokesman for the investors, John Fitzgerald, said they would spend an additional $2.5-million on a complete renovation.

Miss Jackson's building had not been carefully maintained, and the rents were relatively low. She paid $155 a month for a rather spacious one-bedroom unit on the second floor.

Mr. Fitzgerald said the buyers had been forced to borrow money at a number of percentage points above the prime lending rate, now 12 per cent. The existing rents would not have paid the interest, he added.

This made substantial increases inevitable, according to Mr. Fitzgerald, and to justify them the new owners would have had to undertake a full scale renovation. None of the tenants were likely to survive either as renters or as owners.

The reasons for converting were largely the conventional ones. Mr. Fitzgerald, noting "the economic and political pressures," remarked that "people are going to stop doing whatever it is that you're making less and less attractive."

PRICE OF $40,000

The average one-bedroom apartment went on the market at $40,000. For Miss Jackson, that would have meant a $2,000 down payment and, if she could get a loan, mortgage payments, taxes and operating expenses of $422.50 a month.

Miss Jackson is a 68-year-old native of Vancouver, B.C., who has lived in the United States for many years and was an assistant professor at the Howard School of Social Work until her retirement.

She has tried to remain in the city rather than move to a suburb "because I still want to study and write."

She might have considered trying to buy, she said, "had I had several years of work ahead of me." But as it was, Miss Jackson went on, "I couldn't tie up the capital" in a down payment and a mortgage.

Also, she observed, she would not have enough taxable income for the deduction of interest payments to mean very much on federal returns. And she questioned her ability to recover her investment when selling.

Mr. Fitzgerald asserted that he and his partners had been "genuinely interested in the tenants and their plight" and had tried to find new places for them. But within days of her scheduled eviction, Miss Jackson had no place to go.

Finally, she was offered and took an apartment in one of the group's nearby buildings. It was not so large, Miss Jackson noted, and the rent of $190 a month meant spending about 40 per cent of her income on housing. That would mean "fewer small luxuries" such as concerts and trips to visit friends, she said, but still, it is worse for others, she remarked.

It cost $170 to move Miss Jackson's belongings. There was an additional charge for changing her telephone. An "apartment locator" service, which failed to find her a place she wanted, got $30.

Miss Jackson moved into her new apartment on July 8. On Aug. 19 her landlords addressed to her the following form letter:

"We wish to take this opportunity to inform you that Park Cleveland, Inc., is planning to convert all the units in your building to condominiums beginning on or about March, 1975.

"Because you are currently a resident of the building, we are offering your unit to you for sale first. We will keep this option open exclusively for you for sale first. We will keep this option open exclusively for you during the next 60 days.

"Park Cleveland, Inc., is offering your unit for $41,500 plus any adjustment caused by any increase or decrease in construction, financing, and administrative costs which occur during the construction."

[From the Miami Herald, Oct. 20, 1974]

CONDOMINIUM OWNERSHIP—III

(By Evan Cooper)

Mrs. Dorothy Jacobson, in the market for a condominium last year, was intrigued, by an ad she saw for the Emerald Isles West development in Davie.

The North Miami Beach real estate saleswoman visited the site, liked what she saw and put down $9,725 for a $37,100 apartment.

Now, almost six months after she was to move in, Mrs. Jacobson, with 199 other Emerald Isles West buyers, is waiting to find out whether she will ever take title to her apartment—or get her deposit back.

She may get neither.

Even though the first phase of the complex is complete and occupied by more than 30 owners, even though the second phase is within weeks of completion and pilings are

in for much of the rest of the project, work on the entire development has ceased. The developer, Barth Corp., is discussing bankruptcy, and the financial backer CleveTrust Realty, filed foreclosure proceedings Wednesday.

This leaves the apartment buyers, with $1.5 million in deposits at stake, at the bottom of a list of creditors claiming more than $5 million in defaulted payments.

And it leaves the occupants of the completed apartments without the swimming pool, sauna, tennis courts and bike paths promised, and only a piling-pocked, dusty construction site as a balcony view.

What happened?

According to developer Jerome Barth, Emerald Isles West was the victim of double-digit inflation and the unwillingness of CleveTrust to go along with any of a number of compromise plans.

"Our problem was that we sold 80 percent of the units almost as soon as we put them up for sale. Costs kept rising and by the end of the summer, we realized that we would not have enough money to complete the project," Barth said.

"At this point, we've drawn $3.4 million of the original $6.3-million loan from CleveTrust, and we're still trying to negotiate with them for additional money to complete the project," Barth said. "I feel sorry for everyone involved, but I've decided to stick with it and see it through.

While CleveTrust auditors pore over Barth books and both groups continue their discussions, Emerald Isles West condominium buyers are in a state of limbo. They knew that if the Barth Corp. files for bankruptcy, CleveTrust and the building suppliers, as secured creditors, will divide the bulk of the firm's assets. For the buyers, it is likely that any resolution will involve months, or perhaps years, of legal proceedings.

The project seemed to have everything going for it when the full-page ads began to run, with the Emerald Isles leprechaun smiling out over an artist's rendering of country lodge-style architecture of glass and rock, with cypress-shingled roofs and massive, wrap-around balconies.

In an ecology conscious area turning away from the concrete jungle of high-rises, the promise of three-story buildings spread on 12 acres of highly-landscaped land on the fringe of Davie was a strong selling point.

Many buyers put down a full 25 percent of the purchase price, and received a promise that they'd get 10 percent of that back in cash at closing.

Others paid the full amount for the two-bedroom apartments, and now fear their life savings are gone.

"A lot of older people who didn't want to worry about mortgage payments took all their money and paid for their apartments in full," said Ted Kanov, Miami Beach motel owner and president of Concerned Collective Condominium Owners, a group formed by 55 Emerald Isles apartment owners. CCCO was formed in September, when the Barths insisted the project could be saved if buyers would agree to pay from $3,000 to $7,500 more for each apartment. They now estimate the cost to complete the project at about $10,000 per unfinished apartment.

"We never wanted to push the Barths into bankruptcy," Kanov said. "We were willing to pay more for our apartments if they could have assured us that the additional amount would totally cover their costs."

Barth still feels that most apartment owners would provide additional funds if CleveTrust agreed to continue funding the development.

"We've agreed to give the condominium buyers our $2 million, 25-year recreation lease and we've told CleveTrust that we would pledge $750,000 of our own money if they would continue to fund us," Barth said.

CleveTrust attorney Michael Waywood said his firm was reluctant to file the foreclosure action but "it made no economic or business sense to go forward with the financing of the project."

"There was an outstanding principal of $2.3 million plus interest and expenses," Waywood said.

The project, as it now sits in western Broward County, is worth less than the $2.3 million CleveTrust wants to recoup, according to CleveTrust President John Kikol.

Last month, Barth Corp. told buyers that it owes contractors $1.5 million. When asked why they didn't require performance bonds of their contractors—which would have insured completion—Barth said:

"We just didn't have them. CleveTrust didn't require it. A performance bond is great, but if the subcontractor doesn't fulfill his obligation, where do you go?"

Whatever happens now, about 200 buyers are out at least months of time and interest on deposit money. Some gave up homes or other apartments in anticipation of closing dates on their new apartments.

Mrs. Jacobson, who has bought and sold condominiums for herself and for customers at a major Miami realty firm, said she never thought she'd find herself in this position.

"Maybe I should have known something was wrong, but there was really no way to tell," she said.

"The sales force was great and the apartments sold themselves. In fact, the development was 82 per cent sold when the Barths stopped construction. We investigated the company before we invested and found that the Barths were well financed and were well regarded.

"I began to suspect something peculiar when the full-page color ads suddenly stopped running in The Herald. Since I'm familiar with real estate advertising, I thought it was fishy that they just stopped instead of tapering off."

Other buyers began to think something was amiss when, early this summer, they received requests from the Barths for upgrading payments. Although these charges came along earlier than most buyers anticipated, many wrote checks for options they had requested, including better carpeting, higher-grade appliances and enclosed patios.

A prominent Miami physician sent the Barths $400 to pay for a screened terrace. The doctor, who has $89,000 invested in the project, had purchased two apartments outright and had made down payments on two others. He said he investigated the Barths thoroughly before investing.

"A developer friend told me that the Barths were financially sound and had a good reputation in Cleveland. What impressed me most about the development was its architecture—it was really a superior design. Also, the Barths offered a financing plan that was attractive.

"They were going to refund 10 per cent of all money advanced prior to 90 days before closing, if the prospective buyer would make a 25 per cent down payment. They told us they could afford to do this because the cost of borrowed money was even higher."

As prospective buyers were asked for additional money—and when construction ceased toward the end of the summer—many condominium buyers began to sense that something was wrong. Their fears were confirmed when the Barth brothers invited individual buyers to meetings and requested that they come alone.

"We asked them to come without families or attorneys because we wanted to talk to the people directly and not waste time," Barth said. "I signed the letters but they were conceived and written by my sales manager. I didn't really think they were a good idea."

Typical of what happened to buyers is the case of Richard and Shirley Crisorio of Niles, Ill.

They bought a $34,000 apartment in Phase 2 on Aug. 20, 1973. The prices on the apartments differ because they were purchased at varying pre-construction prices. They put down a $3,000 deposit on August and on Feb. 6, 1974, sent an additional $5,625 so they could benefit from the 10 per cent discount.

On July 19, they sent the Barths a check for $401.44 for an extra-mirrored closet doors. Barth asked them to come to his office to talk about the future of their apartment and requesting that they come alone.

At that meeting, the Crisorios say, the Barth firm asked for an additional $14,000 for their apartment.

"They provided us with the option of paying the $14,000 or relinquishing our apartment to them and have them try to sell it and give us our money back."

Now the Crisorios, who borrowed half their downpayment from Mr. Crisorio's father, don't know what will become of their investment.

Many Emerald Isles West buyers are trying to take action.

Mrs. Carol Weiss of Opa-locka, who took a second mortgage on her home to pay for a condominium, wrote letters to the state attorney's office, the attorney general, the FBI, the Mortgage Bankers Association, the Internal Revenue Service and the Florida Real Estate Commission. Many offices said they would look into the matter.

A small group of owners retained Hollywood attorney Stanley J. Seligman. Others formed the CCCO and retained the Miami law firm of Becker and Poliakoff.

What will happen to the unfinished buildings? And to the deposits of the Emerald Isles West buyers?

If Barth and CleveTrust can work out some arrangement for further financing, buyers may be asked for additional funds to complete their apartments.

Another firm could buy out the Barths and complete the development, but given the current housing and money markets that prospect seems unlikely.

If CleveTrust goes through with its foreclosure, it could hire another developer to finish the project, leaving current depositors with clouded legal status. If Barth Corp. declared bankruptcy, another possibility, the whole matter would be in the hands of the federal bankruptcy court and might be unresolved for years.

While the future of the depositors' money is uncertain, one fact is clear: The emotional and physical toll on Emerald Isles West buyers has been enormous.

As one said, "I just can't believe we have nothing left."

[From the Washington Post, Oct. 13, 1974]

(By Douglas Watson)

OCEAN CITY, MD.—There are 3,000 to 5,000 condominium units here in recently constructed buildings that rise as high as 26 floors above the adjacent Atlantic Ocean. They remain largely empty, waiting for buyers.

Last month several condominiums here—including two of the massive high-rises that sprouted to create Maryland's "Miami Beach"—were foreclosed or otherwise lost by their redevelopers.

Many businessmen interviewed privately recently predict that before spring there will be more financial failures of the condominiums that largely were inspired by a speculative rush.

Ocean City's condominium market has been particularly vulnerable to the national economy's general decline because of overbuilding that almost everyone agrees occurred here in recent years.

"The recent history of resort condominiums in Ocean City, Md., is a classic example of initial market success stimulating uncontrolled over-building," Economic Research Associates, a consulting firm, reported this summer.

Despite a slump in sales of condominium units priced from $25,000 to $150,000 that threatens further foreclosures, more condominium high-rises continue to be rushed to completion along a two-mile stretch at the north end of this island city.

For example, the 19-floor Pyramid continues to go up as ads call it "a new oceanfront environment built around the architecture of the sand dunes and 3,000 miles of view." The 21-story Carousel Center rises near a billboard proclaiming, "Luxury Condominium Apartments Overlooking the World" and "Dining and Dancing 24 Hours."

However, the discouraging signs among Ocean City's condominiums are hard to hide. One can see towering high-rise buildings with only a few apartments lit during an evening's drive along Coastal Highway, the resort's main street that runs 150 blocks with the ocean on one side and Assawoman Bay on the other.

On a pleasant Saturday morning you can see high-rises that are fully or largely completed, but are locked and empty. A couple of cars are isolated in huge parking lots and, in some instances, only the swimming pools are full.

The dreary situation for condominiums, which involve individual ownership of units in a multi-unit building, has not spread to the rest of Ocean City, which had a record number of visitors last summer.

"It's only the condominium developers and lenders that are suffering. There are 500 other businessmen here who had a fine season," said a local banker.

Not everyone is going to get hurt by Ocean City's troubled condominium market. An individual who owns a unit he enjoys probably will be able to keep on enjoying it regardless of who may end up owning the rest of the building because owners of condominium units have substantial legal protection and are not going to be evicted.

But the individual condominium unit owner may find it difficult to resell his unit for the higher price he previously had counted on, at least until more of the newly-constructed units are purchased.

Ocean City issued building permits for 109 condominium units in 1967, 181 in 1968, 309 in 1969. Then the boom really got going. The city issued building permits for 1,077 condominium units in 1970, 1,258 in 1971, 3,594 in 1972 and 3,064 in 1973.

The bottom fell out of Ocean City's condominium market this year and only 139 building permits have been issued, none since May.

Brady Bounds, Ocean City's chief building inspector, said recently that throughout the resort there now are 4,500 unsold condominium units, half the total built since 1967. "I don't see how the situation can clear up for at least two to three years," he said.

Others are more pessimistic. McCurdy-Lipman and Associates, an independent appraiser, reported last month that among just the resort's 24 largest buildings, 2,500 of 3,500 condominium units remain unsold. The firm said that at the present rate of sales it will take five years for the supply of condominiums on hand to be sold, although an economic upturn might enable this to be done in 3½ years.

Economic Research Associates said, "If the rate of sales returns to its 1973 level of 1,300 units per year, only four years would be required to absorb the present supply." But ERA's study warned, "Given the continuation of the 1974 settlement rate of 500 units per year, more than 10 years would be required for the existing supply to be absorbed."

Even if the more optimistic forecasts prove right, sales of Ocean City's condominium units are not expected to resume fast enough to save all the big buildings from foreclosure.

Without sufficient sales of individual units, many developers may not be able to keep paying interest on construction loans that often runs as high as $1 million a year, or more than $2,500 a day.

The builder of one high-rise said bitterly, "If things get better within three, four or five months, I could stay (financially) alive." He added sardonically, "I'm about to jump out of a window." On a recent Saturday morning his condominium building attracted six visitors to the sales office, none becoming a buyer.

Another developer who this year lost $700,000 when a building of which he was part-owner was taken over by the lenders, gloomily predicted: "By the first of the year most of the high-rises are going to end up being owned by the lenders."

On the other hand, Ocean City officials and salesmen here continue to talk confidently about the condominium market, if not now, in the future. "Once there's more confidence in the country, I think we're going to move those condominiums," said Mayor Harry W. Kelly.

Bruce Moore, a condominium salesman, said, "I don't care whether it's tomorrow, this year or five years from now, these units will be sold and occupied."

But a former sales manager for one of the larger condominium projects said, "There's nothing that is selling in that town now."

Condominium construction continues along the Gold Coast because buildings aren't worth anything if they aren't finished and their owners hope their particular projects will have selling qualities nearby buildings lack.

"Introducing the Self-Contained World," boasts the billboard in front of the 21-floor Carousel Center that is nearing completion on the site of Bobby Baker's former Carousel Motel, which is incorporated into the much bigger building.

"Ice skating, computer golf, tennis, banquet facilities . . ." adds the sign as further enticement. Inside, in the center of a huge covered court and between the skating rink and swimming pool stands a colorful, hand-carved, $150,000 merry-go-round that was imported from Italy as the centerpiece for the $17 million building.

Even for Ocean City, the Carousel Center is unusual, being a hotel-condominium combination. It plans to sell 180 condominium units on the upper floors, though none has been offered for sale yet.

The other 232 units on the lower floors will be rented as rooms in a hotel that will be operated by the Marriott Corp. Condominium owners as well as overnight guests, will be able to ring for room service.

The hotel already has hired 74 employees and expects to open in November to compete for recognition as Ocean City's most luxurious hotel against the Sheraton Fontainebleau Inn, whose 16 stories are dwarfed by tall condominiums next door.

A Marriott official said the hotel's rates will be from $52 to $150 in-season and from $28 to $84 off-season. Despite such prices, he expects the new hotel-condominium and its five-story parking garage to attract many of the 175 conventions that come to Ocean City annually.

Robino-Ladd Co., a diversified real estate concern which bought Carousel Center in 1972 from developer Max Berg, last week announced several changes in top management because its sales generally "aren't reaching forecast levels" and said the company will attempt to sell some of its real estate holdings to raise cash.

The 19-floor, $10 million Pyramid is, architecturally, the most unusual of the condominiums being built in Ocean City. Looking something like an indented pyramid or stacks of boxes in staggering rows, the building has buttresses and none of its rooms is square or rectangular.

Built by the Caliban Corp., which has sold 540 condominium units in previously constructed buildings, the Pyramid is planned as the first of three similarly striking structures that will stand next to each other.

However, one of the Pyramid's salesmen conceded that most people who look at the units there, which are priced from $45,000 to $90,000, "are waiting. They're not in the mood to buy something that they think is not essential." A sign in a model unit admonishes the salesman, "Press on. Nothing in the world can take the place of persistency."

The most expensive condominium apartments being sold in Ocean City are penthouse units in the Sea Watch that are priced as high as $150,000. For that, one can get 79 feet of oceanfront view on the 20th floor and four bedrooms in the yet to be completed building.

While most of the resort's condominium units aren't priced above $75,000, the majority are listed above $35,000. A local realtor said, "If they had priced these units realistically when they started building instead of trying to get rich on one project, they probably would have sold most of them."

The McCurdy-Lipman report says, "It has become evident in the past several months that prices in a number of the oceanfront buildings have been reduced. Some are reduced openly through advertisement and others as a result of individual negotiations."

The report says that where buildings have cut prices, they generally have dropped from 5 to 20 per cent. But it adds "Many of the buildings . . . are not practicing this price cutting."

The reason many buildings haven't dropped their prices substantially is that they can't afford to do so and still hope to pay their high land, construction, interest and advertising costs, several businessmen said. At least one building is even considering raising its prices to pay for additional "amenities" planned to attract buyers.

Whatever buyers pay for a condominium unit, they usually spend at least $3,000 more to furnish it, a local furniture store owner said. He has sold as much as $15,000 worth of furniture to fill one penthouse apartment.

Everyone in Ocean City agrees that as far as condominiums are concerned, it's a buyer's market these days. "Everybody is down here looking for a steal," said one salesman. Many of the condominium shoppers compare 10 to 15 buildings, but few put their money down. "By the time they look at them all, they are so confused they don't buy any," said another salesman.

Condominium developers and lenders are likely to be the biggest losers along Ocean City's Gold Coast, although those who can hold onto the buildings until the economy revives may make money after all.

All hope to avoid the fate of Rowland Paddy, head of the Paddy Construction Co. Last year there were foreclosures on a half dozen medium-sized buildings of his. Paddy lost his business and his home.

Such recollections hardly calm some jittery businessmen here. One businessman said of a radio announcer who regularly mentions condominium foreclosures along with the rest of the news, "They ought to take him out and shoot him."

The financial failures this year have hurt, especially as many in Ocean City fear they may be but a forerunner of what's to come. "Everybody's scared to death," conceded one real estate salesman.

The 20-floor, $9 million Capri built by Michael G. Cappy, a Prince George's County developer, was the first condominium high-rise to be foreclosed. Last winter the 222-unit building was bought at auction by the Cameron Brown Investment Group, the construction lender, for $5.8 million. An official of Cameron Brown said it then sold the building to two Richmond men.

Cappy said recently that he lost $600,000 on Capri. Most of the original 72 purchasers

of units were frightened away by the foreclosure, but the building's new owners maintained all the sales contracts they could and the largely empty Capri continues. "Once you see the Capri you'll never want to leave it. And we've built it so you'll never have to," say ads that picture many features still in the planning stage.

The Atlantis, a 21-story condominium building featuring curved, wrap-around corners that give it an ultra-modern look, became the second Ocean City high-rise to be sold at auction.

In early September, Colonial Mortgage Service Co., a subsidiary of Philadelphia National Bank, foreclosed, purchasing the building's $8 million mortgage for $7.8 million.

Now, despite a sign declaring, "Models Open Daily," security guards but no salesmen can be found around the empty Atlantis, where units are priced from $29,500 to $75,000.

The 15-story, 124-unit Sea Terrace, which cost more than $5 million and has units listed at an average $50,000 price, was the third Ocean City high-rise to be lost by its owners this year.

On Sept. 16, four hours before a scheduled foreclosure sale, the three owners gave Suburban Trust Co. and Columbia Federal Savings and Loan, the construction and permanent lenders, a deed for the building. They thus avoided the stigma of foreclosure but did not avoid a heavy financial loss.

One of the former owners said, "I feel lucky to be out."

Wesley Stewart, vice president of Suburban Trust and head of its mortgage loan department, said, "Our plans for the building are to try to get out. The only way is to sell units."

The billboard in front of Sea Terrace speaks of, "Fifteen Floors of Pride." But there's not one lounge chair on the 124 balconies stacked in staggered rows across the building's oceanfront.

There have been financial failures of smaller Ocean City condominiums as well. Tide's Edge, a nearly completed 20-unit building next to the beach was bought at a foreclosure sale on Oct. 1 for $500,000 by Baltimore Federal Savings and Loan, the project's permanent lender.

"It was a steal, frankly," said Allen Brufsky of the $25,000-per-unit price on which there were no other bidders. Brufsky said that he and Donald Van Reeden, the other principal of Donald Development Co. which was in default on the building, lost about $250,000.

A foreclosure sale on Coves of Normandy, a low-rise condominium project planned for Ocean City's bayside was held in late September. The auctioneer couldn't get a bid on the project which had a $733,962 mortgage and had gotten no further than its completed pilings.

High Sails, a condominium planned to be built along the beach at 134th Street, had sales commitments for 54 of its 98 units but was cancelled recently after First Mortgage Investors, a Miami Beach real estate investment trust that was the construction lender, dropped out. First Mortgage Investors has major financial problems. The discontinued High Sails project is now tied up in litigation.

The billboard in front of the nearly completed Antigua, a 14-story oceanfront building, calls it a "unique condominium," but Antigua's problems are hardly unique. No more than one-fourth of Antigua's 104 units, which are priced from $49,000 to $97,000, have been sold.

A source close to the project said that serious negotiations are under way to sell Antigua to a Montgomery County group for considerably less than its originally planned total retail price of $6.2 million.

Friendship Irene, a 21-floor, $6 million condominium, averted foreclosure this summer when the developer, Max Berg, agreed to bring in a management company to operate the building and a real estate firm to push sales, according to a lawyer for Capitol Mortgage Investments, the lender.

Most of those looking at Ocean City's condominiums these days are waiting, salesmen said. The bargain hunters apparently think that if prices are dropping now, they'll be even lower this winter.

They seem to agree with a Salisbury banker who said of Ocean City's condominium market, "Last winter was bad and this winter is likely to be worse."

[From the Washington Post, Oct. 14, 1974]

CONDOMINIUM OWNERSHIP—IV

OCEAN CITY, MD.—Many of the high-rise condominiums that have transformed this resort's skyline but remain largely unsold and empty were inspired by a speculative rush to buy condominium unit contracts by people who never intended to complete settlement and live in the units.

Independent consultants and local businessmen agree that the recent boom in condominium construction here, which has been followed by a steep slump in sales was largely spurred by speculation that highly exaggerated the real market.

The speculation in Ocean City condominiums that occurred in recent years involved the resale of contracts on many condominium units several times before the buildings actually were built. Many purchasers bought numerous units and then sold them like common stocks or commodity futures.

Buyers, the largest group of whom were from the Washington area, often made a lot of money in the late 1960s and early 1970s. But with 3,000 to 5,000 unsold condominium units here, those who still own a number of units may be sorry.

So are many developers and big lenders, who were overly anxious to invest their money in what seemed like a great boom and didn't see that the real market had been exaggerated by the speculation.

"Speculators quickly realized that they could reserve a unit for as little as $500 or $1,000 and resell the unit or option to buy the unit after the project was completed two years later at a substantial profit," said a report issued this summer by Economics Research Associates, a consultant.

"So great was the opportunity to realize an extraordinary gain that the market was soon swarming with speculators. If fact, in late 1972 and early 1973, speculators accounted for 50 to 90 per cent of all deposits collected at many condominium projects," the ERA study says.

An Ocean City banker said that before the condominium balloon burst there in 1973, "People were running down and buying units for $500 down. They could buy anything on the beach for $1,000 and sometimes for as little as $250 down."

"I don't know of a single case from 1969 to 1973 when a condominium unit sold before it went to settlement (and actually was built) was not sold at a profit," the banker said.

Edgar F. Britt, executive vice president of Second National Building and Loan, Inc. in Ocean City, said the speculating was widespread and not limited to a small group of insiders.

"I think it was something that everybody heard about and everybody wanted to take a shot at. It was open season," Britt said. Much of the reselling of condominium units was done by word of mouth with little need for paid advertising, he said.

McCurdy-Lipman and Associates, an independent appraiser, reported last month, "Speculators were able to make huge profits in terms of their cash outlay in a relatively short period of time."

The McCurdy-Lipman report explained, "Typically a high-rise building takes one to two years to build, which means that if in 1971 a buyer were able to 'hold' five apartments for a deposit of $1,000 each and each of these apartments increased in value $7,000, assuming a $2,000 per unit sales commission, an initial outlay of $5,000 could earn $25,000 or approximately 500 per cent within two years.

"This highly successful investment scheme was not uncommon. In fact, it was par for the course during the early 1970's," the report added.

The purchase of options on condominium units by people who never intended to go to settlement on the yet-to-be-built apartments "began to attract developers from all over the East Coast and lenders from all over the United States," the McCurdy-Lipman study says.

"Land prices began to skyrocket and oceanfront land was advancing in value at the rate of 50, 75 and 100 per cent a year. What had sold for $1,500 to $2,500 per front-foot went to a high of over $6,000 a front-foot within a period of 30 to 36 months," it continues.

The ERA reports concludes, "Developers and their financial backers failed to differentiate speculative buying from the 'real' market for second-home condominiums and long-term investment property. Thus, they rushed to get their projects started . . .

"By the summer of 1973 when a substantial number of units were nearing completion, it became apparent that speculators had acquired options on many more units than they would be able to resell. Even under a stable economic environment, speculators would have been faced with a surplus."

Speculation wasn't the only ingredient fueling the condominium building boom that between 1971 and 1973 accounted for possibly more than $203 million worth of construction in Ocean City.

A local real estate broker said that at least one builder obtained a multimillion-dollar construction loan by telling the lender that many people were so interested in his project they already had bought condominium unit contracts. Once the construction loan was obtained, the money for many of the "purchases" was refunded by the builder to friends of his, the realtor said.

When a former sales director for one of the big condominiums was asked whether such tactics were used, he responded, "My goodness, yes." He said he knows one Ocean City businessman who bought contracts on 20 condominium units on which he never intended to go to settlement to help his friend, a builder, convince a lender there was a strong market.

The sewer moratorium that has slowed construction in Washington's Maryland suburbs and Ocean City's friendly zoning policies together also spurred the rush to build condominiums there with such inviting names as Aquarius, Blue Water East, Bonaire, Braemar, English Towers, Fountainhead, Golden Sands Club Condominium, Mooring, Oceana, Phoenix, Sea Gate and Spinnaker.

Another stimulant was the great desire of the big construction and permanent lenders—real estate investment trusts, insurance companies, major banks and savings loan institutions from all over the East Coast—to earn high interest rates on large amounts of money they had to invest several years ago.

One developer said, "When we started out, we sought financing for a building only half the size we eventually built, but the lender insisted that we build it twice as large so he could loan us more money."

Wendall Stewart, a vice president of Suburban Trust Co., defended the big lenders such as his bank, saying, "I don't think any lender has ever made a loan which he didn't think was a good loan. Our crystal ball is no clearer than anybody else's."

The builders, like the lenders, rushed to get in on the good thing along the beach. "If you saw a band wagon going down the street, you'd jump on it," said Michael G. Cappy, a developer who built the 20-floor Capri in Ocean City only to be foreclosed on last winter.

There are many successful condominiums in Ocean City, those that were built first and sold out before the bubble burst. A typical one is Surf Side 84, a nine-floor building that sold all 36 of its units by 1972 for $44,000 to $57,000, the prices getting about $1,000 higher for each floor one went up. Surf Side 84 is much more modest in size than many of the later high-rises.

There also are pleased buyers of condominium units. Albert L. Beall, of Upper Marlboro, bought a condominium unit in the Capri in 1972. He said recently he is glad he did, though "we did have a scare for awhile." Beall has stayed at the Capri on all but two weekends since July.

Buyers who didn't read their purchase contracts too carefully could be sorry. Some have discovered that their deposits were not held in escrow but were used to construct the building and weren't available when the project failed.

Salisbury banker warned that some condominium unit buyers "are not going to get their mortgage recorded until all the liens against the building are satisfied."

There are a number of liens against several of Ocean City's condominiums these days, placed there often by contractors and subcontractors who haven't been paid for their work. Lawyers are one group likely to come out ahead on Ocean City's condominiums.

The resort's recently constructed condominiums were hurt by high interest rates that many of the builders had to pay for construction loans. For example, the Aquarius, on which work was halted for five months last winter because of a money shortage, was financed with a 12 percent loan plus five points, a total of 17 percent interest.

Escalating construction costs were another added expense. One builder said construction costs for his building have risen from $28 a square foot in 1972 to $42 a square foot now. "The cost overruns were as bad as on federal contracts," a realtor said.

Another problem for condominium builders has been the labor shortage. After Labor Day, most of Ocean City's workers go back to school. There weren't enough capable construction workers around to build all the condominiums going up, businessmen agreed.

The condominium boosters complain that buyers were scared away by predictions of a gas shortage that never materialized in Ocean City. When the gas shortage ended elsewhere last spring, vacationers were ready to travel to Ocean City as they always have, but they seemed less likely to buy condominiums that would commit them to driving there for years and years.

These various problems caused slowdowns in construction that proved costly for many of the big condominiums, some of which were completed as much as a year behind schedule, after the boom broke.

"We were one year late in being finished and missed the market by a year," said Stewart of the Sea Terrace, now owned by his bank and another lender.

Also about a year behind schedule was 9400, a 22-story $7.2 million building. Paul C. Stokes, head of the Anderson Stokes real estate company that is one of a partnership which developed the project, said last week, "There is no possibility of a profit to the developers."

The building's 164 units were priced from $38,500 to $72,500 but with far less than half having been sold, they are being reduced by as much as 25 per cent. Stokes said the lenders have waived interest payments on the high rise for the time being and there is a plan to divide the unsold units among the partners to spread the financial burden.

The 9400 building is half-owned by Robert Mack, Adrian Carpenter and Robert A. Butler, the three principals of the financially-troubled House and Home Real Estate Corp., which recently had audited shortages of $270,000 in its escrow accounts.

Those close to Ocean City's glutted condominium market see some bright spots in the midst of an otherwise discouraging picture. For one, the resort's broad, white beach is a continuing attraction that brought more visitors to the city last summer than ever before, as indicated by motel tax revenues that rose by 12 per cent over those during the summer of 1973.

Most Ocean City businessmen predict that the condominiums eventually will be filled because there is only a very limited supply of Atlantic coastline and millions of people within easy driving distance of it.

In many of the condominium units one can watch the sun rise from a balcony facing the ocean and watch it set from another balcony facing the bay. "There's no question the basic attraction is still there," said a local savings and loan official.

Another plus for Ocean City's condominium market are interest rates as low as 7¾, 8 and 8½ per cent for purchasers of units in many—but not all—of the buildings.

On the negative side, there has been a weakening of the rental market for condominium units. Many individual unit buyers who expected help in paying for them to come from rentals at least part of the year have been disappointed. Rentals still help many buyers, but they often are less than had been anticipated because there are so many units from which renters can choose.

To offset costs at the largely empty, 26-floor Century One where condominium units are priced from $54,500 to $75,000, purchasers' apartments are available for rent to others for as little as two nights, at $35 to $50 a night.

The high-rise condominiums' huge size and resulting likelihood of overcrowding if they are filled are other negative factors. While some people are delighted by the big buildings, many others are appalled.

The Economic Research Associates report says, "Many visitors and potential condominium purchasers believe that, as a result of its condominium boom, Ocean City has become less attractive."

The ERA report points out, "By reducing the maximum building height from 85 to 50 feet and by requiring that 40 per cent of a building site be left for open space, officials in the resort town of Rehobeth Beach, Del., have both maintained the established character of their jurisdiction and have moderated the number of condominium units started. Consequently, the area has not experienced overbuilding."

Ocean City Mayor Harry W. Kelly, however, is proud of his resort's high-rise condominiums and not worried that their emptiness will hurt the municipal image. "Some people are now saying that maybe we (the city) should have slowed up on issuing building permits," said Kelly. He disagreed, saying, "We've been an exciting country. I think we're one of daring."

Ocean City's big condominum buildings are likely to form the skyline there for a long time, no matter what happens to them financially. As the resident manager of one high-rise said, "Whatever happens, they'll still be here. You can't blow these buildings up."

LIST OF GAO REPORTS FOR OCTOBER

Mr. METCALF. Mr. President, the monthly list of GAO reports contains brief synopses of detailed reports of findings based upon the examination of various Federal projects by the staff of the Government Accounting Office. These reports provide information useful to all Members in fulfilling their responsibilities in the Congress. Full texts of the reports are available upon request, therefore, I ask unanimous consent that the full listing for the month of October 1974 be printed in the RECORD.

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

[Vol. 8, No. 9, October 1974]

MONTHLY LIST OF GAO REPORTS

COMPTROLLER GENERAL OF THE UNITED STATES

EDUCATION AND MANPOWER

Opportunity to Increase Effectiveness of JOBS-Type Programs to be Funded Under CETA. *Department of Labor.* (*To the Secretary of Labor.*) *September 23,* P–75–MWD–11

This is a follow-up review of a 1971 GAO report. It recommends that the Labor Department insure that prime sponsors who carry out JOBS-type programs under the Comprehensive Employment and Training Act:

Limit training to disadvantaged individuals requiring costly on-the-job training and support services and

Provide payments to employers only for the costs of training and support services to program enrollees over and above those normally provided by an employer.

Examination of Financial Statements of Student Loan Insurance Fund Fiscal Year 1973. *Office of Education, Department of Health, Education, and Welfare. September 17.* P–75–FOD–17.

Financial statements for the Student Loan Insurance Fund show a net loss of $350 million on defaulted loans; $302 million of this amount represents estimated losses on loans expected to be defaulted in the future.

The automated system which the Office of Education uses to maintain detailed accounting records and to provide information to administer the program is not working properly.

This system contains inaccurate data files and computer programs which do not process the data correctly.

The attention of the Congress is called to—

The high default rate and resulting increase in costs of the Guaranteed Student Loan Program.

The substantial future funding required to pay future losses, and

OE's inability to provide accurate information on the program.

Examination of Grants Awarded to the Berkeley Unified School District and to Bilingual Children's Television, Inc. *Office of Education, Department of Health, Education, and Welfare. September 4, released September 11 by Representative Edith Green.* P–75–MWD–15.

Congresswoman Edith Green asked GAO to review two grant awards totaling $5.9 million by the Office of Education. The purpose of the awards was to develop a bilingual and bicultural (Spanish-English) educational television series to be aired nationally for children 3 to 8.

The Berkeley school district and Bilingual Children's Television, Inc. (BC/TV) were expecting continuous funding over the project's development and planned accordingly. As delays in funding occurred, production schedules slipped.

Much of the controversy over BC/TV's performance could have been eliminated if production schedules had been revised when it became apparent that funding of the project would not be continuous.

Sixty-five half-hour shows were completed and the Public Broadcasting Service agreed to make the shows available to participating stations in the fall of 1974.

General government

General Accounting Office Assistance to the Congress in Improving Access and Usefulness to the Congress of Fiscal, Budgetary and Program-Related Information. *September 20.* P–75–FGMSD–8.

This is GAO's first report to the Congress on the progress and results of GAO's continuing program to make fiscal, budgetary, and program-related information more useful to congressional users.

The Congress provided specifically under Public Law 93–344 for coordination of the operation of the Congressional Budget Office and the GAO in order that the information, services, and capabilities of each became as effective as possible. Provisions of the law require coordination and cooperation with other legislative and executive agencies and with State and local governments.

An early need will be development of joint working plans and agreements on tasks and staffing among various organizations, including GAO and the congressional committees, Congressional Budget Office, Treasury, and OMB.

Propriety of the City Edges Grant Awarded to the Suburban Action Institute. *National Endowment for the Arts. September 5, released September 6 by Senator James L. Buckley.* P–75–GGD–7.

This report is based on a constituent's letter which questioned the propriety of the City Edges program and particularly a $38,000 grant awarded under the program to Suburban Action Institute.

GAO's review of the project resulted in finding no legal objection to the grant. The conclusion is that concetps of the City Edges program and the grant to the Institute are in harmony with controlling Federal statutes.

How Passenger Sedans in the Federal Government Are Used and Managed. *September 6, released September 16 by the Chairman, Ad Hoc Subcommittee on Government Vehicle Use, Senate Committee on Appropriations.* P–74–LCD–224.

GSA and Federal departments and agencies have not provided adequate criteria for measuring the use of sedans or evaluating their actual vehicle needs.

Many Government cars are being used contrary to department or agency policies for transporting personnel:

From home to work,

From home or place of duty to local airports,

To theaters, restaurants, golf courses, and sporting events, and

For transporting their children to schools.

GAO's inquiry into private industries' policies and practices about their passenger cars showed that a Government contractor kept better records and exercised tighter control over its sedans than most Government units.

GAO said the Subcommittee may wish to consider the need for a restatement of congressional policy on matters discussed in the report.

Fundamental Changes Needed to Achieve a Government-Wide Overseas Benefits and Allowances System. *Multiagency, September 9.* P–74–ID–67.

The U.S. Government has about 737,000 employees—649,000 military and 88,000 civilian—from 38 agencies and departments assigned overseas.

Benefits and allowances, exclusive of salaries, amount to about $1.5 billion annually ($1.3 billion for uniformed personnel, $150 million for civilians.)

GAO found innumerable differences in the 50 different types and amounts of allowances paid to employees overseas by different agencies yet within the same departments.

Information on Management and Use of the Radio Frequency Spectrum—A Little Understood Resource. *Federal Communications Commission, Office of Telecommunications Policy. (To the Chairman, FCC, and Director, OTP.) September 13.* P–74–LCD–103.

Over $90 billion has been invested in the U.S. for spectrum dependent equipment using the radio frequency spectrum. About 55 percent represents Federal investment. The spectrum serves government, industry, and private individuals.

Goods and services valued at more than $32 *billion* a year have been attributed to use of the spectrum. Studies have concluded the U.S. is not making the most effective use of this valuable natural resource.

Although Government frequency managers do not foresee a spectrum crisis resembling that of energy, the gathering problems of spectrum management suggest the need for increased attention to these matters.

Employment Opportunities in the Federal Government for the Physically Handicapped. *Civil Service Commission. September 16.* P–75–FPCD–74.

More than 18 million U.S. adults have physical handicaps severe enough to limit in some way their ability to hold a job.

GAO wanted to know how the Federal Government was providing employment opportunities for, and serving as an exemplary employer of, the handicapped.

The overall Federal program could be strengthened. Changes should be made in planning, managing, and implementing the Selective Placement Program.

Agencies' Personnel Management Can Be Enhanced by Improving the Evaluation Process. *Civil Service Commission. (To the Chairman, CSC) September 17.* P–75–FPCD–95

The Commission has made a good start in establishing standards and goals for the evaluation process.

The Commission's approach and certain practices in the past have detracted from the effectiveness of its evaluation because of:

The strong emphasis placed on obtaining agency cooperation and participation in its reviews, and

Several weaknesses in its reporting practices.

GAO noted that agencies have done less than they should to develop acceptable personnel management evaluation systems and the Commission has spent relatively little effort to improve agencies' systems.

The U.S. Magistrates: How Their Services Have Assisted Administration of Several District Courts; More Improvements Needed. *Judicial Branch. September 19.* P–74–GGD–104.

Results of the new magistrate system, established in 1968 to reduce the workload of Federal district courts, are difficult to measure, because of varying factors. Full benefits of the 1968 act, as intended by the Congress, are not yet being achieved.

However, there are indications that the new system is providing assistance by disposing of a number of minor criminal offenses and in relieving district court judges of some duties. During FY 1973 magistrates handled 251,218 matters. More than 77,000 of these would have added to district judges' workload.

Industrial Management Review of the U.S. Mint, Philadelphia, Pennsylvania. *Bureau of the Mint, Department of the Treasury. (To the Secretary of the Treasury.) September 19.* P–74–LCD–427.

The Philadelphia Mint needs to improve measurement of its productivity to provide management with knowledge of its operating efficiency.

Its equipment was not fully used, data was not adequate, and the Mint still has no formal machine standards for comparing actual with expected equipment output. Labor standards for both production and maintenance work also are needed.

Developing such standards would help improve workload planning and overall Mint productivity.

Information on Law Enforcement Activities of the United States Postal Service. *February 14, released September 25 by the Chairman, House Committee on Post Office and Civil Service.* P–74–GGD–63.

This report provides information describing the responsibilities, structure, and activities of the Postal Inspection Service, with particular emphasis on its criminal investigations activities.

The Postal Inspection Service is one of the oldest Federal law enforcement agencies, having its origins in 1737. An important part of the Inspection Service's mission is the internal audit and review of postal operations.

Health

Better Controls Needed for Health Maintenance Organizations Under Medicaid in California. *Department of Health, Education, and Welfare. September 10, released September 16 by the Chairman, Senate Committee on Finance.* P–75–MWD–6.

GAO evaluated California's procedures regarding:

Establishment of payment rates;

Enrollment, disenrollment, and grievance procedures; and

Capability of health maintenance organizations to deliver quality services.

As with any new program, a number of problems have been encountered. HEW has relied heavily on California to resolve these problems.

Although considerable progress has been made, problems still exist in insuring that prepaid health plans provide quality medical care to enrollees at a cost less than that of the traditional fee-for-service system.

International affairs and finance

Increasing World Food Supplies—Crisis and Challenge. *Department of State and other agencies. September 6.* P–75–ID–4.

In the next 25 years the world will experience a growth in its population to more than 7 *billion* people—double today's. This means challenges to improve production and distribution of food for all mankind.

To help the Congress prepare to meet these challenges, GAO is undertaking a series of reports on food. This is the first.

It summarizes attempts by the United States and international agencies to deal with current problems. Subsequent reports will discuss, more specifically, the adequacy of long- and short-range programs.

Improved Government Assistance Can Increase United States Share of Foreign Engineering and Construction Projects. *Multiagency. September 9.* P–74–ID–63.

Many engineering and construction companies in the U.S. are unaware of, or do not sufficiently understand, types of Government assistance available when competing for foreign contracts. Because of this:

Government programs have not achieved their full potential, and

Companies probably have refrained from bidding, or submitted higher bids for foreign projects, resulting in the loss of potential business.

Industry sources said foreign work of the 400 largest U.S. contractors—in the range of $3 *billion* to $6 *billion* during 1971 through 1973—could increase to about $10 *billion* within a short time with improved Government assistance.

Rescission of the Opium Poppy Growing Ban by Turkey. *Department of State, Agency for International Development. September 9.* P–75–ID–11.

This report provides current information that may be useful to the Congress on the rescission of the opinion poppy growing ban by Turkey.

The report consists primarily of first-hand information obtained by GAO from U.S. Embassy and Agency for International Development officials during a visit to Turkey in mid-July 1974, including income replacement projects in former poppy-growing areas.

Legislation before both Houses provides that it is the sense of the Congress that the President (1) immediately initiate negotia-

tions with the Turkish Government to prevent resumption of opium production or (2) eventually suspend all assistance to Turkey or any other opium-producing country that fails to prevent diversion of drugs into illicit channels.

United States Economic Assistance to Turkey. *September 16.* P–74–ID–64.

Over 27 years, the U.S. has provided Turkey with $6.7 *billion*—$3.7 *billion* for military assistance, $3 *billion* for economic assistance.

Despite a decade of talk directed toward phasing out U.S. economic assistance by 1973, the AID program in Turkey continues.

Recent events in Turkey created a favorable climate for phasing out this assistance:

Certain types of aid no longer are needed.

AID has had difficulty using funds allocated for Turkey's development.

The FY 1974 AID program presentation to the Congress did not discuss a new $114 million U.S. loan to Turkey in 1973 or the debt relief it represents. It did not provide full and timely information to congressional committees responsible for authorizing and appropriating U.S. economic assistance.

Use of United States-Owned Foreign Currencies. *Departments of State and Treasury; Agency for International Development, August 19, released September 3, by the Chairman, Senate Committee on Foreign Relations.* P–75–ID–1.

GAO was asked to study U.S.-owned foreign currencies—amounting to the equivalent of about $1.9 *billion* as of June 30, 1973—to find possible ways to put them to more effective use.

Accordingly, this report develops information on:

The nature and extent of current and projected holdings, including debts:

The nature and extent of partially controlled currencies;

Current and prospective U.S. uses of currencies, by agency, and estimates of dollar savings; and

Applicable laws regarding use and debt settlement.

Cost and Use of Personnel in the Agency for International Development. *August 29, released September 9 by the Chairman, Subcommittee on Foreign Operations, Senate Committee on Appropriations.* P–75–ID–2.

An increase in numbers and salaries of Foreign Service personnel has caused a large increase in the average salary of Washington-based personnel—from $12,168 to $20,383.

Sixty-six percent of personnel are assigned to positions which could be filled by lower graded personnel.

Continuing promotions have contributed to the overgrading problem. Also, the CSC's last review of AID, in 1966–67, indicated serious problems in the classifying of GS positions, with 62 percent being over classified.

AID's average grade levels generally are higher than those of other Government agencies with overseas-oriented programs. Its salaries are considerably higher than those of private nonprofit organizations having large developmental assistance programs in foreign countries.

National defense

Why Performance of Automatic Voice Network (AUTOVON) Service Needs Improvement. *Department of Defense. September 11.* P–75–LCD–111.

This report provides information on fragmented management in the area of DOD communications, which is a recurring obstacle to efficient management and effective control of DOD communications.

It also provides DOD's views opposing actions considered appropriate to improve management of AUTOVON on a total system basis.

The Cost of Aerospace Ground Equipment Could Be Reduced. *Department of the Air Force. September 11.* P–74–PSAD–85.

Cost of nine of 88 special equipment items could have been substantially eliminated—$341,500 out of $343,600—if the Air Force had used maintenance procedures not requiring special equipment to repair, maintain, overhaul, and operate aircraft and related subsystems while on the ground.

An additional $339,900 could have been saved on 23 items if the Air Force had considered the less costly alternative of manufacturing equipment rather than procuring it from contractors. Air Force expenditures for aerospace ground equipment (AGE) average an estimated $600 million each fiscal year.

Numerically Controlled Industrial Equipment: Progress and Problems. *Department of Defense. September 24.* P–74–LCD–423.

In 1973 DOD owned $300 million worth of numerically controlled industrial equipment, which is directed automatically by punched tape, is expensive and complex, but offers tremendous productivity increases and savings.

GAO recommended that DOD should (1) work with the General Services Administration, the Atomic Energy Commission, and other Federal agencies having interest in the future of numerical control and (2) consider to what extent DOD should sponsor R&D in the numerical control field.

DOD acknowledged numerical control's effective application was a broad national matter requiring contributions from industry, universities, and Government agencies, adding it was participating with many organizations on how best to increase productivity through automated manufacturing.

Procurement of 20-Ton Dump Trucks under Contract DSA–700–72–C–9235. *Department of the Army. August 12, released September 4 by Representative Fred B. Rooney.* P–75–PSAD–7.

Procurement of dump trucks was one of three pilot items selected to test the Army's program to acquire commercial construction equipment rather than equipment built to military specifications. This report describes the Army's procurement procedure in selecting the manufacturer for a 20-ton on-off highway dump truck.

Problems in Providing Education Overseas for Dependents of U.S. personnel, *Department of Defense, September 25.* P–75–FPCD–71.

GAO recommended that the Overseas Dependents School System reconsider recent changes to its educational goals and testing programs and reaffirm commitment to earlier, higher educational goals.

It also suggested that any program used to test or evaluate the quality of education include features permitting comparisons with other areas and other systems in the United States.

Dependents of American military and civilian personnel overseas attend three major school systems with a total enrollment of 233,000.

Problems in the Acquisition of Standard Computers for World-Wide Military Command and Control System. *Department of Defense. December 29, 1970, released September 20 by the Chairman, House Committee on Appropriations.* B–163074.

A DOD 1969 program for acquiring up to 87 computers was not planned adequately or supported by valid cost and savings estimates or determination of need.

DOD reexamined the plan and in 1970 the Deputy Secretary of Defense approved a revision whereby only 15 standard computer systems (with an option for 20 more) would be acquired. Modern computers already installed and functioning at many sites were to be retained in use.

The decision to reduce substantially the number of computers to be acquired is a proper one. The revised program is more closely aligned to needs; it precludes the needless replacement of up-to-date equipment already in operation, it will minimize disruption of command and control systems currently in operation.

Natural resources and environment

Need for Improving the Regulation of the Natural Gas Industry and Management of Internal Operations. *Federal Power Commission. September 13, released September 15 by Representative John E. Moss.* P–74–GGD–106.

Extensions granted by the Federal Power Commission to producers making 60-day emergency gas sales "were improper," GAO said, because they:

Were not authorized by FPC regulations and

Were contrary to FPC's stated intention to limit emergency sales by producers to a single 60-day period.

The Chairman, FPC, disagreed with GAO on this issue. Relying on his General Counsel's opinion that FPC had plenary authority to waive the requirement that emergency sales be terminated after 60 days, he said the granting of extensions was legal, necessary, and in the public interest.

To accept FPC's interpretation of its authority would, GAO said, "make a sham of the regulatory process and render litigation by dissenting parties futile."

Resolution of this matter lies with the Congress and the courts.

GAO also found widespread noncompliance by FPC officials with the agency's standards of conduct regulations intended to prevent conflicts of interest.

Improvements Needed in Making Benefit—Cost Analysis for Federal Water Resources Projects. *Departments of Agriculture, Army, and Interior; Tennessee Valley Authority. September 20.* P–75–RED–264.

GAO reviewed methods and procedures for making benefit-cost analyses for projects which include flood control, irrigation, power, recreation, fish and wildlife enhancement, and municipal and industrial water supply.

Importance of the analysis to making decisions requires that benefits and costs be determined on the basis of uniform methods and procedures consistent with the governing criteria and considering all pertinent effects, good and bad.

Because of problems such as varying guidance and varying application by agencies of their own procedures, a review by the Water Resources Council of both the implementing and the detailed procedures is necessary.

How Federal Agencies Can Conserve Utilities and Reduce Their Cost. *General Services Administration, Department of Defense. (To the Secretary of Defense and the Administrator of General Services.) September 17.* P–74–LCD–325.

Government agencies spend at least $1.5 *billion* a year on electricity, gas, fuel oil, coal, water, and sewage disposal. Building and facility operations account for almost 40 percent of energy consumed in Government, with GSA and DOD responsible for most of this.

Although the two departments have utility conservation programs, 12 of 19 installations GAO reviewed had none.

Most utility companies consider it the customer's responsibility to select the lowest applicable rate available for his particular conditions. As a result, an installation has no assurance of getting the lowest rate for utility services.

Rates being paid vary from near-wholesale to retail. The Government needs to develop more in-house expertise in the utilities area to obtain the lowest utility costs and to help conserve energy.

Veterans benefits and services

Management Practices Used by the Veterans Administration's Denver Regional Office in Assisting Veterans. *September 11, released September 26 by Representative Patricia Schroeder.* P-75-MWD-9.

This report centered on complaints that:

VA's telephone number in Denver was constantly busy.

Calls were assigned on a "haphazard" basis, and

Delays were excessive in responding to and resolving veterans' problems.

There was concern that many Denver VA employees were disturbed about administrative procedures and these complaints might be indicative of nationwide problems.

The complaits generally were well founded. VA officials were aware of the operational and personnel difficulties and had taken, or planned to take, corrective actions.

LETTER REPORTS

To Representative Les Aspin, on expenditures for air travel by AMTRAK personnel. August 26, released September 5. P-75-RED-268.

To the Chairman, House Committee on Post Office and Civil Service, on the U.S. Postal Service's Capital Investment Program. August 22, released September 26. P-75-GGD-17.

To Representative Les Aspin, on purchases of aviation products from the Goodyear Tire and Rubber Company by Government procurement personnel at Hill Air Force Base, Utah, and Akron, Ohio. August 19, released September 12 P-75-PSAD-9.

To Representative Edwin D. Eshleman, on a grant for a water pollution research and demonstration project in Lancaster, Pennsylvania. August 13, released August 26, P-74-RED-259.

To the Chairman, Joint Committee on Congressional Operations, answering questions on GAO's capability to evaluate Federal programs. August 8, released September. B-161740.

To Representative Patsy T. Mink, on the reasonableness of insulation requirements in a military family housing contract awarded in Hawaii. July 9, released September 23. P-74-LCD-348.

To Senator Adlai E. Stevenson, III, reviewing eight Model Cities projects in East St. Louis, Illinois. July 30, released September 6. P-74-RED-255.

To Senator George McGovern, concerning Federal program to aid the social and economic development of Indian reservations. July 11, 1973, released September 4. P-73-017.

To Representative Benjamin S. Rosenthal, on the legality of a grant of $10 million in excess Egyptian pounds to the Wafaa wa'l Amal, an Egyptian charitable organization. September 19, released September 23. B-156766.

To Senator Richard S. Schweiker, on the proposed closure of the Philadelphia Naval Air Engineering Center and relocation to Lakehurst, New Jersey. September 16, released September 30. P-75-LCD-306.

To the Chairman, Government Activities Subcommittee, House Committee on Government Operations, on GAO's inspection of several gifts from foreign governments to members of the Nixon family. September 10, released September 30. P-75-ID-14.

To the Board of Directors, Overseas Private Investment Corporation, on the examination of OPIC's financial statements for the year ended June 30, 1974. September 26. B-173240.

To the Board of Directors, Export-Import Bank of the United States, on the examination of Ex-Im Bank's financial statements for the year ended June 30, 1974. September 27. B-114823.

To the Secretary of Defense, pointing out improper use of appropriated funds by the Army and Air Force to ship foreign-made liquor and wine. September 3. P-74-TCD-8.

To the Secretary of the Army, on the Army's program to buy general purpose tank cars for the Defense Freight Railway Interchange Fleet. September 5. P-75-PSAD-13.

To the Secretary of Defense, pointing out inconsistent policies of the military services in administering retirement withholdings for overseas dependent hires. September 17. P-75-FPCD-102.

To the Secretary of the Interior, pointing out savings available if Interior agencies buy, rather than lease, radio equipment. September 17. P-75-LCD-102.

To the Secretary of Housing and Urban Development, suggesting ways to improve housing in rural Alaska. September 24. P-75-RED-267.

To the Secretary of the Army, on the need to charge fees for permits for projects in or affecting navigable waters. September 25. P-75-RED-274.

Office of Federal Elections Reports

OFE's Clearinghouse on Election Administration released its report based on the first extensive survey of voter registration systems.

In addition to comprehensive reviews of registration systems and procedures in 13 states and the District of Columbia, the report also provides:

Guidelines for states and localities considering converting all or part of their registration systems to computers, and

Information to Congress on problems relating to voter turnout.

Government officials and members of nonprofit organizations may obtain copies of the survey free from GAO's Office of Federal Elections, Room 3850, 441 G Street, NW, Washington, D.C. 20548. Phone (202) 386-6411.

All others may obtain copies through the Government Printing Office by ordering "A Study of State and Local Voter Registration Systems Final Report," No. 721-031, $4 per copy.

How to obtain GAO audit reports

Copies of these reports are available from the U.S. General Accounting Office, Room 4522, 441 G Street, NW, Washington, D.C. 20548. Phone (202) 386-6594.

Copies are provided without charge to Members of Congress, congressional committee staff members, Government officials, members of the press, college libraries, faculty members, and students. The price to the general public is $1.00 a copy, except as noted. There is no charge for copies of letter reports.

Those entitled to reports without charge should address mail requests to:

U.S. General Accounting Office, Distribution Section, Room 4522, 441 G Street, NW, Washington, D.C. 20548.

Those required to pay for reports should send requests accompanied by check or money order payable to the General Accounting Office to:

U.S. General Accounting Office, P.O. Box 1020, Washington, D.C. 20013.

When ordering a GAO report, please use the publication number indicated in bold face type after the title of each report.

UNITED STATES-PHILIPPINE RELATIONS

Mr. BAYH. Mr. President, yesterday during the debate on the foreign aid bill, I had the opportunity to discuss briefly certain aspects of the political situation in the Philippines. I pointed out that a number of members of the Senate are deeply concerned about the manner in which political opponents have been treated by the Philippine Government.

For some time now, as one Member of the Senate, I have been deeply concerned over certain repressive tactics which have been evident in the Philippines. I, as well as others, have made a number of efforts to see that our concern over these tactics was made clear to the Philippine Government.

The United States has had a long, warm friendship with the people of the Philippines. The roots of freedom are planted deeply in the hearts and minds of the Philippine people. Each of us who are concerned about the continued existence of both friendship and freedom must be willing to undertake whatever efforts are necessary to insure these joint goals. Sometimes these steps and the words necessary to explain them evoke hard feelings. This is a risk we must be willing to take and a price we must be willing to pay.

I mentioned in yesterday's discussion on the floor a very productive conversation I had earlier this week with the distinguished Philippine Ambassador—a man who has earned the deep respect of the people of America. Today, I have had another conversation with this distinguished emissary from the Philippines. He relayed to me that there is a distinct possibility in the next few days that President Marcos will announce the granting of amnesty to Mr. Sergio Osmena, Jr., Mr. Sergio Osmena III, and Mr. Eugenio Lopez, Jr. There is a further possibility that President Marcos will announce a broader policy relative to the detention of Philippine citizens. This is very heartening news to those of us who have been deeply concerned about the course of events in the past. I am hopeful that President Marcos will initiate a new policy and that it will take into consideration the future of all political opponents which may now be confined as well as the future of those three prominent citizens.

Mr. President, as a citizen of the United States I am not fully aware of the political nuances in the Philippines, nor is it my intention to become involved in such a domestic matter. But, Mr. President, it is my deep hope that President Marcos will realize the great contribution he can make to furthering the longtime, warm relationship between our countries by concretely initiating policies which will not sanction the incarceration of those who have differing political views.

I am hopeful, Mr. President, that President Marcos has such plans in mind. He, more than any of us in the United States, has a better understanding of the problems which exist in the Philippines, the importance of the tradition of freedom to the Philippine people, and an understanding of the importance of the continued warm friendship between the people of the United States and the people of the Philippines.

GRAIN ALCOHOL AS AN ENERGY SUBSTITUTE

Mr. METCALF. Mr. President, Dick Hansen, Jr., farm writer for the Great Falls Tribune in my State, has written a column stressing the potential of grain alcohol as an energy substitute in our

fuel crisis. While the substitute, dubbed "gasohol," is not new, today's emphasis on research on alternative sources of energy does make it a very current item.

I commend the reading of the column to my colleagues in the Senate and ask unanimous consent that Mr. Hansen's article be printed in the RECORD.

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

ON THE FARM SCENE: KEY TO BOTH FOOD AND ENERGY CRUNCH MAY LIE IN THE HANDS OF GRAIN PRODUCERS

(By Dick Hansen, Jr.)

JOPLIN.—News stories originating in the oil-rich countries of the Arab nations recently have indicated those countries have learned the power that lies in manipulating their oil supplies. The recent oil shortage—threatened to be repeated this coming winter—threw the U.S. in a near crisis, and could become the Sword of Damocles hanging over our heads throughout the future years.

The furor this time centers on the price policies of the Arab nations with oil. An 18-nation Arab group insists use of their oil is their natural right, and they can use it to serve their own interests and causes. President Ford and Secretary Kissinger have said that high oil prices risk world depression, breakdown of world order and safety, and more menacing—could lead to war.

Motor fuel—gasoline—is one of the most important quantity uses of oil. Much of our modern technology is based on the availability of motor fuels for autos, trucks, farm implements, and other motors. Without them—or with restricted use due to fuel shortages—we would have to do some serious retrenching.

But a very large part of the solution to this particular problem lies easily and quickly within our own reach. The answer is popularly known as 'gasohol.'

Not too many years back, I recall attending a meeting at Conrad (Mont.) where farmers, who had been following the extensive research from Montana State University in the conversion of grain to alcohol, invited a group of these researchers and others to bring them up to date on the studies.

Before the evening was over, these farmers had become so enthusiastic over the definite promise the conversion studies held, that they dug deep in their pockets, raised several thousand dollars, hired a Bozeman consulting firm to proceed with further economic studies, and left the meeting talking confidently about a pilot plant in the Conrad area within a short time. The economic boost to state agriculture which was envisioned as resulting along with such a development was also a cause for added enthusiasm.

Although research proves that wheat and several other grains can be used in the gasohol process, at that time the major emphasis of such conversion was on barley, which was in the greatest supply, as well as being generally about the lowest priced grain at the time.

As near as I can recall, the project proceeded with up and down enthusiasm for some time, and—again trusting my memory—the fact that there would be some six to ten cents a gallon added cost for gas laced with grain alcohol eventually shelved the project.

Well, since that time it has become a whole new ball game. Even a partial solution—which would extend our use of crude oil available—is development and use of grain alcohol as an additive. Experimental data indicates that we could use ten percent of grain alcohol in motor fuels, which, any way you slice it, is a solid ten percent saving on crude production and imports.

One of the important elements in this whole picture is the nature of the supply of crude oil. It has taken millions of years to lay down the available crude oil on which our whole civilization is based. When it is used up, there won't be any more. But, we produce a grain crop every year, and alcohol from that crop would extend our motor fuels supply by at least the aformentioned ten percent or more—aside also from the many by-products of the conversion process.

Also noteworthy is the fact that the demand for grain alcohol to be used in fuels would give a tremendous boost to agricultural production throughout the U.S. And even more important, is the fact that use of even ten percent grain alcohol would eliminate the need for addition of tetraethyl lead to gasoline, an important step in cleaning up the atmosphere. The 1975 autos can burn only unleaded gas, but preliminary research indicates that cost of production of this gas, special service station facilities, as well as modifications to the cars themselves, are substantially higher than simply adding the grain alcohol in the range of ten percent during regular refining.

From time to time in the past few years, reports have surfaced, indicating studies are still continuing here in Montana on the alcohol project. There have been many objections to the use of alcohol in gasoline—one suspects the major oil companies in the past have been the largest stumbling block—but the principal one in the past—aside from the speculation voiced above—is the plea of uneconomic production. However, the increase in the cost of gasoline with grain alcohol added—called Gasohol by the Nebraska wheat producers who have had a continuing study going on the project for years—would be somewhere in the range of three cents. As I mentioned, several years ago this cost increase did seem to be a serious objection. But today it is more or less academic.

Like most good ideas, the researchers of the time, and the grain producers at the Conrad meeting were just a bit ahead of the times. The words "energy crunch" and "oil import" were yet to be heard. No one, apparently, except grain producers, is willing to work to put gasohol studies to use. The major thrust in thinking on the national energy crisis seems to lie in all kinds of nuclear or other long-range, far-in-the-future solutions. Gasohol is here and now!

Researchers who have spent years on the subject say it is simply a matter of building plants and producing. If this is true, then grain producers should not let up the pressure, regardless of the rebuffs they may receive.

One last thought—in view of the present tight grain supplies, the roadblock of using existing grain for alcohol instead of food is almost sure to surface in the way of such a program. But, only the most naive really believe the world—and the U.S.—will not again in the near future rebuild its grain supplies amply to provide both food and alcohol. But even if such an unlikely event did come about that we could produce only enough grain for food here at home, there is still the research from the University of Idaho, which predicts that grain straw will likely become a valuable commodity, since scientists can now convert straw into alcohol, tractor fuel, and equally important—nitrogen fertilizer.

So, the upshot of the whole picture seems to be that U.S. grain producers not only hold the key to U.S.—and to a large extent, world food and fiber supplies—but equally important, could hold the Golden Wand to at least a partial solution to the nation's energy crunch.

VIEWS OF SENATOR HARTKE ON FOREIGN TRADE

Mr. BAYH. Mr. President, because my colleague from Indiana, Mr. HARTKE, cannot be present here today, I ask unanimous consent that his speech before the League of Women Voters be printed in the RECORD.

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

ADDRESS BY SENATOR VANCE HARTKE

I would like to thank you for your kind invitation to discuss my views on foreign trade. Tuesday evening, President Ford expressed his views. What I would like to share with you is the philosophical underpinnings of my views, and show you by practical example that my position should not be considered unorthodox or controversial.

In point of fact, my position does not stem from any particular philosophy. Without being unfair to philosophers, I would like to suggest that the rigid adherence to any system of thought, regardless of how innately good or sound, usually leads to disaster. For the purpose of considering the foreign trade problem, let us do what we Americans are best noted for—being practical.

America has a long tradition of pragmatism. Our experience and our culture have nurtured the view that we should not make our decisions on the basis of preconceived philosophical notions; but that our decisions should reflect the best means at hand for resolving the problem. It implies considerable intellectual flexibility. I believe that our adherence to pragmatism is largely responsible for the enormous success of our economic and political systems.

But it seems to me that we have lost sight of pragmatism in the foreign trade controversy. We have elevated the idea of absolute free trade into a philosophical axiom. It is true that for most of our national history we have adhered to free trade. But we did so not because of any abstract conviction that free trade was philosophically right; we practiced and preached free trade because it was in our economic interest to do so.

Many Americans have simply put aside their pragmatism—their willingness to look at problems in a common sense way—in favor of what amounts to a philosophical commitment to free trade which is unrelated to the pressing economic problems confronting this country.

When Adam Smith and David Ricardo first outlined the benefits to be derived from free trade, they were speaking against a background of mercantilism which was oppressive government interference in all aspects of economic life. They were also talking about economies that had not yet experienced the full impact of the industrial revolution. It is to their credit that much of their analysis remains true up until the recent past. That is not to say that what was for them an exercise in pragmatic economics should be transformed by us into an article of quasi-religious belief. We must examine the economic situation carefully, and if the facts warrant it, we must be prepared to deviate from a policy of pure, unadulterated free trade.

As a United States Senator, I have an obligation that far transcends the belief in free trade. My obligation is to the people of Indiana and to see to their needs. Whether this leads towards or away from free trade is immaterial; the people's welfare is the overriding objective.

My obligations to the people of Indiana do not relieve me of my responsibilities towards all men; it does mean, however, that I must formulate international policy in such a manner that the interests of the American

people do not suffer. I consider myself an internationalist in the best sense of that word. I believe that my stand on a number of critical issues ranging from world peace to the problems of hunger place me squarely in that tradition.

I want to emphasize, therefore, that while my approach to trade may be unorthodox, it does not reflect isolationism or even "go-it-alone-ism."

The Hartke-Burke bill which has introduced in 1971 embodies the thrust of my views on international trade. It represents an alternative to what has been established policy, and an alternative that I believe is in better tune with today's economic realities than a blind adherence to free trade for its own sake.

The American worker is faced with a series of crises. Spiralling prices and spreading unemployment are the obvious ones. In my view, our trade policy is materially contributing to this spreading economic malaise. When Smith and Ricardo demonstrated the possibilities inherent in free trade, they saw it as a means of increasing the economic well-being of all the countries involved. It was not a system meant to penalize one country at the expense of others.

The leading exponent of unfettered trade and capital transfers are the spokesmen of multinational corporations. Although a relative newcomer on the world scene, the multinational is having a profound effect on the lives of each and every one of us.

The contemporary free trade movement—and, conversely, the attacks that have been launched against Hartke-Burke—is financed almost entirely by the large multinational corporations.

They have been behaving like arrogant giants, disregarding the wishes of governments and peoples alike. They have no political allegiance; and they feel no sense of responsibility towards the peoples whose lives they affect. They are totally self-interested and self-committed. Corporate decisions are motivated entirely to further the interests of the managerial class and the large stockholders. Recently, the chairman of the board of Dow Chemical said—and I quote—"I have long dreamed of buying an island owned by no nation and of establishing the world headquarters of the Dow Company on the truly neutral ground of such an island, beholden to no nation or society."

The modern multinational corporation has taken the objective of turning a profit and transformed it into a holy crusade, regardless of the effects its actions might have on the thousands of people it touches. Frankly, this is a philosophy which repulses me. And I say that as one committed to the free enterprise system, and one who has worked to preserve and expand it.

However, the free enterprise system was never meant to exist in a moral vacuum. Its originators viewed it as a way of increasing productivity to provide citizens with a richer, fuller life. It has succeeded in that objective admirably. But always, we must consider the social context. Because it is operating outside of the contemporary political and social organizational framework, the multinational corporation often acts like an international outlaw: Not owing or giving allegiance, and evidencing no social concern or conscience.

The United States is being harmed by the unfettered operations of the multinational corporation. American plants are being closed, American workers are being thrown out of jobs, American technology is being exported, and American capital is being invested abroad. In return for all this, the American Government does not even get any substantial taxes. We, the people, are paying for the unhampered and uncontrolled free trade of a few hundred large corporations and their managers and stockholders.

We, the people, must pay for the huge profits that these companies reap because of our inaction. We, the people, wonder how to feed and clothe our poor and elderly and how to lessen the oppressive tax burden on the average family while the managers and stockholders of these untouchables enjoy wealth that is almost obscene.

In the last half dozen years, millions of American workers have been displaced by the large-scale exodus from the United States of the multinational corporations. In an effort to maximize profits, hundreds of plants have been simply closed down and reopened in some economically backward area to take advantage of incredibly low wages. The top 300 corporations with headquarters in the United States earned at least one-third of their profits abroad; furthermore, the profit rate is considerably higher in their foreign operations than their domestic ones.

At the same time, there has been a massive outflow of capital and technology. Much of this movement is simply a reflection of management's desire to capitalize on the outrageous labor conditions still to be found in the hungry nations of the world. Some of the companies actually receive guarantees from the host government that they will not be subjected to any labor disturbances and that they will have an adequate supply of labor. I do not wish to characterize such practices by foreign countries too harshly, but they come awfully close to the nefarious and infamous practices of some despotic rulers of yesteryear.

In Hong Kong, for example, which is now headquarters for a great many labor intensive industries once located in the United States, salaries amount to only a few cents an hour. More than half the adult working force and a very substantial part of the children's labor pool—yes, child labor—work seven days a week for up to twelve hours a day. I find this shocking. Yet, this has become a way of life for the multinational corporation.

They would seek to undo what I believe to be perhaps the greatest social achievement of the century—the increased dignity of the working man. It was not long ago that workers were thought of largely as chattel. When they were needed, they were employed; when things got bad, they were let go. No provision was made for their periods of forced inactivity. They either accepted the wage offered by the employer or went elsewhere. By law, workers were forbidden to organize themselves into unions to press for better salaries and better conditions.

All the major pieces of social legislation that have totally revised our treatment of the working man and altered his status in society, were enacted within the last two generations. By searching out areas that still—generally through no fault of their own—allow such treatment, the multinational corporation is rejecting the new economic and social status of the working man by implying that to be economically productive and competitive, cheap labor is essential. They are telling us, in effect, that we cannot integrate the well-paid worker into an economically viable society. I vehemently disagree!

The objective of the Hartke-Burke was not—as its opponents have suggested—to provide for the withdrawal of the United States from the world market. The key provisions of the bill are designed to restrain some of the extreme financial latitude now enjoyed by the multinationals.

The Trade Reform Act that was reported out of the Finance Committee did not carry these essential provisions. I intend, however, to raise them as amendments on the floor of the Senate. In recent weeks, there has been a growing amount of support for these amendments and I am hopeful that they will be incorporated into the final Senate version.

Under present law, the multinational corporation does not have to pay Federal taxes on the profits it earns abroad until and when that money is brought back to this country. If the money is not repatriated, no taxes on it are paid.

We have managed to create the perfect incentive for corporations to leave their foreign earnings abroad, even though they were occasioned by the export of American capital and technology.

The amendment that I will introduce on the floor, and which was part of the original Hartke-Burke bill, will eliminate these tax deferals. Regardless of whether or when profits are repatriated, they will be subject to United States taxation.

Under present law, the multinational corporation is provided with another major incentive to pursue its operations abroad. Our tax law now discriminates against companies operating in the United States. For example, if a company is located in Indiana, it pays taxes to the State of Indiana. When it prepares its Federal tax return, that tax is treated like a regular business expense and is a deduction from gross income. However, that same company is able to claim its foreign taxes not as a deduction, but as a credit against its Federal tax bill. Why should we treat a tax payment to the Government of Hong Kong differently than a tax payment to the government of Indiana?

The second amendment that I will introduce on the floor of the Senate, and which was also a part of the original Hartke-Burke bill, will put an end to that practice. The giant multinationals have fought this bitterly and are now engaged in a major lobbying campaign against it. To make the pill a little less bitter, I have agreed to incorporate a provision in the amendment lowering the rate at which the operations of multinationals abroad are taxed from 48% to 24%.

A third amendment which is directed against the oil companies operating overseas concerns the oil depletion allowance. Under present law, the first 22½ percent of the income earned from the production of oil and natural gas is not subject to any tax. It is tax-free. Because production costs are less in Arab and Latin American countries than in the United States, there has been a great migration out of the United States. This migration has contributed substantially to our present energy crisis.

By ending the depletion allowance on foreign-produced oil, we will be providing an economic incentive to the oil companies to resume major exploration and development in the United States.

In summation, let me simply state that I believe that I am an internationalist in the true sense of that term. I do not blindly believe in the value of free trade. I believe that we must approach economic problems pragmatically, developing solutions that are tailored to the situation, not ready-made ones from some philosophical closet.

LAURANCE ROCKEFELLER'S HOLDINGS IN EASTERN AIR LINES, INC.

Mr. METCALF. Mr. President, on July 25 I placed in the CONGRESSIONAL RECORD—page 25336—the introduction and summary of a special report that had just been issued by the Civil Aeronautics Board, concerning the 30 largest stockholders of certified air carriers. I summarized the value and limitations of this report, which I had requested, in these words:

This report does not tell the reader the extent to which the various financial institutions are empowered to exercise voting rights to the stock which they hold. But this report does get behind nominee names, behind Cede & Co., the nominee for the New York Stock Exchange subsidiary. This report does aggregate the holdings of the major stockholders. It is a forward step in information management by a regulatory commission. I compliment Chairman Timm, his fellow commissioners, and the CAB staff for this work.

The CAB's report on Eastern Air Lines, Inc., showed that, as is the case with most large airlines and, in fact most large corporations, substantial percentages of the stock were held by a few New York banks and brokerage houses. Only one individual was listed. He was stockholder No. 30, who held 50,000 shares, which amounted to 0.26 percent of the 19,043,000 shares outstanding.

This individual was not Laurance Rockefeller who, according to other sources, is a major stockholder of Eastern Air Lines, Inc. My staff asked the CAB to explain why Mr. Rockefeller's name did not appear on the list.

The materials which I shall place in the RECORD shortly, after a summary and commentary on their contents, help explain the discrepancy. The entire CAB report, "Thirty Largest Stockholders of U.S. Certified Air Carriers and Summary of Stock Holdings of Financial Institutions," along with subsequent correspondence, will appear in part 3 of the hearings on corporate disclosure by Senator MUSKIE's and my Government Operations Subcommittees. Those hearings are now at the Government Printing Office and may be available next week.

SUMMARY

On May 24, 1973, one of Mr. Rockefeller's associates reported to the CAB pursuant to its regulations that Mr. Rockefeller was the beneficial owner of 49,400 shares of Eastern's common stock and 216,736 shares of its 3¾ convertible preferred stock, as of the end of 1972. It was also reported that these were his maximum interests in Eastern during 1972.

On February 1, 1974, in a similar report, Laurance Rockefeller's holdings in Eastern, as of the end of 1973, were reported as 125,000 shares of common, an increase of 75,600 over the preceding year. His preferred holdings were the same as the preceding year, 216,736, which was 100 percent of that preferred issue.

The report filed for Mr. Rockefeller this year also states that his maximum interests in Eastern during 1973 were 125,000 shares of common. The previous year, as I pointed out above, his agent reported that at the end of 1972 he had 49,400 shares of common, and that 49,400 was the maximum interest he had held in Eastern during 1972.

In Eastern's March 22, 1974, submission to the CAB regarding its 30 top stockholders, Mr. Rockefeller was listed as stockholder No. 21, with those 49,400 shares of common stock. However, Eastern was asked by the CAB to revise this list, and properly so, because the airline had not treated holdings of brokers, in the name of Cede & Co.—nominee for Depository Trust, subsidiary of the New York Stock Exchange—as separate stockholders. After treating brokers as individual stockholders, Mr. Rockefeller's voting common stock interests were insufficient to include his holdings of 49,400 shares in the listing of the top 30.

However, Eastern's March 22 submission to the CAB did not mention Mr. Rockefeller's preferred stock, the $3.75 convertible preferred issue of 1967. This stock has voting rights. And all of it, the 216,736 shares, is owned by Laurance Rockefeller.

After further exchange of correspondence with the CAB, Eastern's Board Chairman F. D. Hall advised the CAB on November 14, 1974, that Laurance S. Rockefeller was stockholder No. 7, with 266,136 shares, that being the sum of his preferred stock and the 49,400 shares of common referred to above.

But Eastern's board chairman still could not verify Mr. Rockefeller's holdings of an additional 75,600, for the total of 125,000 shares of common stock reported by Mr. Rockefeller's agent in February.

COMMENTARY

Where are those other 75,600 shares of Laurence Rockefeller's common stock? They could be in a brokerage account, such as Merrill Lynch, which is the largest stockholder in Eastern, holding 12.74 percent of the stock. Or they could be in a custodial account of a bank such as the Bank of New York, Morgan Guaranty Trust or Chase Manhattan, each of which through nominees holds more than 1 percent of the company's stock. Or they could be in a combination of street name or nominee accounts. As the junior Senator from Ohio (Mr. METZENBAUM) and other students of the subject know, it is not uncommon for a substantial investor to hold stock in a company in several different accounts.

Mr. President, the record of this case so far does not show any impropriety by Laurance Rockefeller. What the case does show is that while some progress is being made in improving the accuracy and detail in reports to regulatory agencies regarding corporate ownership and control, the Congress must continue to work for improvement, and insist that commissions use the substantial powers granted them by the Congress to require adequate and accurate submissions.

The Subcommittee on Budgeting, Management and Expenditures, in cooperation with the Subcommittee on Intergovernmental Relations, the General Accounting Office and the independent regulatory commissions, is continuing to work at this problem. The CAB is continuing its pursuit of this particular case and it is my intention to send these remarks to Mr. Rockefeller along with a request for his comments.

I would point out here that there is substantial support among chief executive officers of small and medium-sized publicly held corporations for identification of the persons or institutions whose proprietary interests in their companies are shrouded in a maze of street names and nominees. Translation and aggregation of nominee and street name accounts, with subsequent reporting of major stockholdings in the name of whoever exercises voting rights, is a fundamental requirement of a regulatory information system.

Yet some agencies continue to propound questionnaires which will not provide the answers which we need, and which Congress thinks it is getting. The most recent example of this is the proposed Treasury questionnaire, which appeared in the November 1 issue of the Federal Register. It is supposed to obtain information on foreign ownership in this country, pursuant to Public Law 93-479, the Foreign Investment Study Act of 1974, which states in section 6 that the Secretary of the Treasury shall, along with other responsibilities under the act, "study and analyze the concentration and distribution of foreign portfolio investment in specific United States economic sectors" and "identify the processes and mechanisms through which foreign portfolio investment is made in the United States, the financing methods used, and the effects of foreign portfolio investment on American financial markets." However, the proposed regulations do not require identification of foreign owners. I see no justification for issuing lesser reporting requirements for foreign interests than for domestic stockholders.

Mr. President, I ask unanimous consent to insert at this point in the RECORD the correspondence to which I referred regarding Laurance Rockefeller and Eastern Air Lines, Inc. The materials include a November 8 letter to me from Chairman Timm of the CAB, with enclosures, the November 5 letter from W. Fletcher Lutz, Director, Bureau of Accounts and Statistics, CAB, to F. D. Hall, chairman of the board and president of Eastern Air Lines Inc., and Mr. Lutz' November 22 letter with enclosures to Subcommittee Staff Director Vic Reinemer.

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

CIVIL AERONAUTICS BOARD,
Washington, D.C., November 8, 1974.

Hon. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR METCALF: In response to a telephone request October 22, 1974, by Mr. Vic Reinemer, Staff Director, Senate Subcommittee on Budgeting, Management, and Expenditures, the Board's Staff reviewed its information regarding the security interests of Mr. Laurence Rockefeller in Eastern Air Lines, Inc.

I have enclosed copies of Mr. Rockefeller's reports filed with the Civil Aeronautics Board under Subpart B of Part 245 of the Board's Economic Regulations for the years ended December 31, 1972 and December 31, 1973. In addition, I have also enclosed copies of responses by Mr. F. D. Hall, the Chairman of the Board of Directors of Eastern Air Lines, Inc., to my request of March 5, 1974, for a listing of Eastern's top thirty shareholders and a copy of Eastern's Proxy Statement for their annual stockholders meeting held April 23, 1974.

You will note that on Eastern's original submission dated March 22, 1974, Mr. Rockefeller was listed twenty-first among the top thirty shareholders with 49,400 shares of voting common stock. However, because Eastern's original listing aggregated shares

in the name of Cede & Co., Eastern was requested by the Board's Director, Bureau of Accounts and Statistics to file a revised listing which treated holdings of brokers in the name of Cede & Co., as separate stockholders. Eastern responded again by letter dated April 22, 1974 with a revised listing. After treating brokers as individual stockholders, Mr. Rockefeller's voting common stock interests were insufficient to include his holdings in the listing of the top thirty.

We are aware of the difference between Mr. Rockefeller's report of his common stock holdings as of December 31, 1973 and Eastern's submissions in response to my top thirty shareholders request. However, we attribute this difference to the fact that Mr. Rockefeller's report showed his interests as of December 31, 1973, while the Eastern submissions were prepared from a listing of shareholders as of March 8, 1974. This was the record date of shareholders entitled to vote at Eastern's Annual Meeting of Stockholders held on April 23, 1974.

Section 245.15 of the Board's Economic Regulations requires a report of security transactions involving more than 5 percent of any class of capital stock. Since Mr. Rockefeller's common stock interests were well below that level, he would not be required to report a transaction involving the disposition of his common stock interests.

Notwithstanding the difference between Mr. Rockefeller's report of his common stock holdings as of December 31, 1973, and Eastern's submission in response to my top thirty shareholders request, the Staff has learned from Securities and Exchange Commission records that Mr. Rockefeller's preferred shares were entitled to one vote per share at Eastern's Annual Stockholders Meeting held April 23, 1974.

In view of the foregoing, the Staff has requested Mr. Hall to review his records and resubmit a listing of Eastern's top thirty voting shareholders which aggregates Mr. Rockefeller's common and preferred interests if they were, in fact, entitled to equal voting rights at the April 23, 1974 meeting. In addition, we have requested information regarding restrictions, if any, which could limit the voting rights of the preferred stock.

Mr. Reinemer will be kept informed of the outcome of this matter and the revised listing will be transmitted to you as soon as possible.

Sincerely,

ROBERT D. TIMM,
Chairman.

NEW YORK, N.Y., *May 24, 1973.*

Mr. HARRY J. ZINK,
Secretary, Civil Aeronautics Board, Washington, D.C.

DEAR MR. ZINK: I enclose herewith Report of Mr. Laurance S. Rockefeller pursuant to Subpart B of Part 245 of the Economic Regulations of the Board covering his interest in Eastern Air Lines Incorporated. The report is late this year because of a staff error. Your indulgence is requested.

Very truly yours,

DAVID G. FERNALD.

REPORT

Pursuant to Part 245, Subpart B, of the Economic Regulations of the United States Civil Aeronautics Board.

RE: EASTERN AIR LINES INCORPORATED

I. Name and address of person reporting: Laurance S. Rockefeller, Room 5600, 30 Rockefeller Plaza, New York, New York 10020.

II. Interests held as of December 31, 1972:

Amount	Security	Percentage of issue
49,400 shares [1]	Common stock, par $1	0.289
216,736 shares [1]	3¾ percent convertible preferred stock, par $100.	100.00
III. Maximum interests held during year preceding Dec. 31, 1972:		
49,400 shares [1]	Common stock, par $1	.289
216,736 shares [1]	3¾ percent convertible preferred stock, par $100.	100.00

[1] Held beneficially and of record.

NEW YORK, N.Y., *February 1, 1974.*

Mr. HARRY J. ZINK,
Secretary, Civil Aeronautics Board, Washington, D.C.

DEAR MR. ZINK: I enclose herewith Report of Mr. Laurance S. Rockefeller pursuant to Subpart B of Part 245 of the Economic Regulations of the Board covering his interest in Eastern Air Lines Incorporated.

Very truly yours,

DAVID G. FERNALD.

REPORT

Pursuant to Part 245, Subpart B, of the Economic Regulations of the United States Civil Aeronautics Board

RE: EASTERN AIR LINES INCORPORATED

I. Name and address of person reporting: Laurance S. Rockefeller, Room 5600, 30 Rockefeller Plaza New York, New York 10020.

II. Interests held as of December 31, 1973:

Amount	Security	Percentage of issue
125,000 shares [1]	Common stock, par $1	0.6564
216,736 shares [1]	3¾ percent convertible preferred stock, par $100.	100.00
III. Maximum interests held during year preceding Dec. 31, 1973:		
125,000 shares [1]	Common stock, par $1	.6564
216,736 shares [1]	3¾-percent convertible preferred stock, par $100.	100.00

[1] Held beneficially and of record.

EASTERN AIR LINES, INC.,
April 22, 1974.

Mr. W. FLETCHER LUTZ,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

DEAR MR. LUTZ: In reply to your April 12, 1974, letter, our recent submission of the list of Eastern's 30 largest Common Stock holders was prepared in accordance with our understanding of the six-step methodology previously furnished. The third paragraph of your instant letter changes our understanding of the previous methodology.

We now have removed all other brokers from the Cede & Company holdings and treated them as individual stockholders for the purpose of your listing. We also added to each broker's holdings removed from Cede any shares of record in each particular broker's name. After applying this amended procedure, we revised the resulting list of the top 30 stockholders. The new list changes our earlier submission of the top 30 holders and at the same time eliminates Cede & Company completely. Two copies of such revised listing are attached.

Sincerely,

F. D. HALL.

EASTERN AIR LINES, INC.

COMMON STOCKHOLDER LISTING AS OF MAR. 8, 1974

Principals of record Mar. 8 1974	Mailing address	Explanation	Number of shares	Percentage of issued and outstanding shares
1. Merrill Lynch, Pierce, Fenner & Smith, Inc	1 Liberty Plaza, New York, N.Y	Broker with redistribution from Cede	2,454,081	12.87
2. Bank of New York	Box 11203, New York, N.Y	And nominees	721,456	3.79
3. Bache & Co	100 Gold St., New York, N.Y	Broker with redistribution from Cede	702,981	3.70
4. Morgan Guaranty Trust Co. of New York	Box 491, Church Street Station, New York, N.Y	With redistribution from Cede	352,436	1.85
5. E. F. Hutton & Co	1 Battery Pl., New York, N.Y	Broker with redistribution from Cede	329,717	1.73
6. Reynolds Securities, Inc	120 Broadway, New York, N.Y	do	271,948	1.43
7. Shearson, Hammill Co., Inc	14 Wall St., New York, N.Y	do	241,383	1.28
8. Chase Manhattan Bank	Box 1508, Church Street Station, New York, N.Y	And nominees	240,980	1.27
9. Thomson & McKinnon, Auchinloss Kohlmeyer Inc	2 Broadway, New York, N.Y	Broker with redistribution from Cede	236,997	1.25
10. Dean Witter & Co. Inc	14 Wall St., New York, N.Y	do	228,363	1.20
11. Paine Webber, Jackson & Curtis Inc	140 Broadway, New York, N.Y	do	222,985	1.18
12. Hornblower & Weeks-Hemphill, Noyes, Inc	120 Wall St., New York, N.Y	Broker-redistributed from Cede	212,422	1.13
13. Loeb, Rhoades & Co	42 Wall St., New York, N.Y	do	210,081	1.10
14. Pershing & Co	120 Broadway, New York, N.Y	Broker with redistribution from Cede	175,896	.92
15. A. G. Edwards	1 North Jefferson St., St. Louis, Mo	Broker-redistributed from Cede	174,098	.91
16. The Firestone Bank of Ohio	1115 South Main St., Akron, Ohio	And nominees	167,000	.87
17. Harris, Upham & Co	120 Broadway, New York, N.Y	Broker with redistribution from Cede	161,829	.84
18. Hayden Stone Inc	1 W.U.I. Pl., New York, N.Y	do	150,238	.78
19. Girard Trust Bank	C/o Trust Department, Box 7334, Philadelphia, Pa	And nominees	114,830	.60
20. Manufacturers Hanover Trust	Securities Department, 40 Wall St., New York, N.Y	With nominees; also with redistribution from Cede	103,692	.54
21. First National City Bank of New York	20 Exchange Pl. New York, N.Y	do	88,203	.46
22. Swiss Bank Corp	15 Nassau St., New York, N.Y	And nominee	79,839	.42
23. Midwest Stock Exchange Clearing Corp	120 LaSalle St., Chicago, Ill	do	75,962	.40
24. Edwards & Hanly	200 N. Franklin St., Hempstead, N.Y	Broker with redistribution from Cede	74,300	.39
25. Pacific Securities Depository	Box 7877 San Francisco, Calif	And nominee	71,899	.38
26. Reserve Life Insurance Co	Att. Investment Department Box 6166, Dallas, Tex	Individual Co	68,786	.36
27. Madison Fund Inc	501 Farmers Bank Bldg., Wilmington, Del	And nominee	60,000	.32
28. Dupont Glore, Forgan Inc	77 Water St., New York, N.Y	Broker with redistribution from Cede	59,927	.31
29. Brown Bros, Harriman & Co	67 Wall St., New York, N.Y	do	52,494	.28
30. Grady L. Clark	3385 Rilman Rd., NW. Atlanta, Ga	Individual	50,000	.26
Total			8,154,823	42.82

NOTES

This listing as of March 8, 1974 which is record date of stockholders entitled to vote at Eastern's Annual Meeting of Stockholders to be held on April 23, 1974 in New York City, and used since full stockholders list and other data available as of March 8 and not at other dates entailing excessive cost.

Step-by-step prescribed procedure listing six steps was followed plus letter of April 12, 1974 from Mr. W. Fletcher Lutz.

It is impossible to list in order of number of shares owned (high to low) the 30 stockholders that "own" the most stock since there is no way that Eastern can determine the "beneficial holders" (owners) of shares held in brokers or nominees names, or for that matter in any other name.

EASTERN AIR LINES, INC., *March 22, 1974.*

Hon. ROBERT D. TIMM,
Chairman, Civil Aeronautics Board, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your letter dated March 5, 1974, we have prepared the attached listing of 30 of our stockholders in accordance with the step-by-step prescribed procedure you enclosed for our use to minimize the burden of the request.

We also are sending a copy of the foregoing to the Director, Bureau of Accounts and Statistics, simultaneously with this mailing, as directed in your letter.

Sincerely,

F. D. HALL.

EASTERN AIR LINES, INC.

STOCKHOLDER LISTING AS OF MAR. 8, 1974

Principals of record Mar. 8, 1974	Mailing address	Explanation	Number of shares	Percentage of issued and outstanding shares
1. Cede & Co	Box 20, Bowling Green Station, New York, N.Y.	After redistribution to any others listed herein	3,456,465	18.15
2. Merrill Lynch, Pierce, Fenner & Smith, Inc	1 Liberty Plaza, New York, N.Y	With redistribution from Cede	2,454,081	12.87
3. Bank of New York	Box 11203, New York, N.Y	And nominees	721,456	3.79
4. Bache & Co	100 Gold St., New York, N.Y	With redistribution from Cede	702,981	3.69
5. Morgan Guaranty Trust Co of New York	Box 491 Church Street Station, New York, N.Y	With redistribution from Cede; and nominees	352,436	1.85
6. E. F. Hutton & Co	1 Battery Pl., New York, N.Y	With redistribution from Cede	329,717	1.73
7. Chase Manhattan Bank	Box 1508 Church Street Station, New York, N.Y	And nominees	240,980	1.27
8. Paine, Webber, Jackson & Curtis, Inc	140 Broadway, New York, N.Y	With redistribution from Cede	222,895	1.18
9. The Firestone Bank of Akron, Ohio	1115 South Main St., Akron, Ohio	And nominees	167,000	.88
10. Girard Trust Bank	c/o Trust Department Box 7334, Philadelphia, Pa	do	114,830	.61
11. Manufacturers Hanover Trust	Company Securities Department, 40 Wall St., New York, N.Y.	With nominees; also with redistribution from Cede	103,692	.54
12. First National City Bank	20 Exchange Pl., New York, N.Y	With nominees; also with redistribution from Cede	88,203	.46
13. Swiss Bank Corp	15 Nassau St., New York, N.Y	And nominee	79,839	.42
14. Midwest Stock Exchange Clearing Corp	120 LaSalle St., Chicago, Ill	do	75,962	.40
15. Pacific Securities Depository	Box 7877, San Francisco, Calif	do	71,899	.38
16. Reserve Life Insurance Co	Attention Investment Department, Box 6166, Dallas Tex.	Individual Co	68,786	.36
17. Madison Fund, Inc	501 Farmers Bank Bldg., Wilmington, Del	And nominee	60,000	.32
18. Dupont Glore Forgan, Inc	77 Water St., New York, N.Y	With redistribution from Cede	59,927	.31
19. Brown Bros. Harriman & Co	59 Wall St., New York, N.Y	Brokers	52,494	.28
20. Grady L. Clark	3385 Rilman Rd. NW., Atlanta, Ga	25,000 in Trust Co. of Georgia; 25,000 in own name	50,000	.26
21. Laurance S. Rockefeller	30 Rockefeller Plaza, Room 5600, New York, N.Y	Individual	49,400	.26
22. Bank of California, N. A	Custodian Cashiering Department, P. O. Box 4 5019, San Francisco Calif.	And nominee	45,000	.24
23. First National Bank of C icago	1 First National Pl., Chicago, Ill	And nominees	42,660	.22
24. MLRS & Co	20 King St West Toronto, 1, Ontario, Canada	Individual Co	42,567	.22
25. Mrs. Paul's Kitchens	5830 Henry Ave., c/o J. Lash, Philadelphia, Pa	do	36,400	.19
26. Rush & Co	P.O. Box 61 Wall Street Station, New York, N.Y	Broker	35,068	.18
27. Irving Trust Co	Custodies Department, 1 Wall St., New York, N.Y	And nominees	34,485	.18
28. Bankers Trust Co	Box 2444 Church Street Station, New York, N.Y	do	34,000	.18
29. Lavern G. King	6625 Sodom-Hutchings Rd, Girard, Ohio	Individual	31,950	.17
30. Continental Bank	231 South LaSalle St., Trust Records Account, Chicago, Ill.	And nominees	31,717	.17
Grand total			9,856,890	51.76

NOTES

This listing as of March 8, 1974 which is record date of stockholders entitled to vote at Eastern's Annual Meeting of Stockholders to be held on April 23, 1974 in New York City, and used since full stockholders list and other data available as of March 8 and not at other dates entailing excessive cost.

Step-by-step prescribed procedure listing six steps was followed.

It is impossible to list in order of number of shares owned (high to low) the 30 stockholders that *"own"* the most stock since there is no way that Eastern can determine the "beneficial holders" (owners) of shares held in brokers or nominees names, or for that matter in any other name.

NOVEMBER 5, 1974.

Mr. F. D. HALL,
Chairman of the Board and President, Eastern Air Lines, Inc., New York, N.Y.

DEAR MR. HALL: The Civil Aeronautics Board has received an inquiry from the Staff Director of the Senate Subcommittee on Budgeting, Management and Expenditures, Senate Committee on Government Operations with regard to the listing of Eastern's top thirty voting shareholders which you supplied in response to Chairman Timm's request of March 5, 1974.

The inquiry was specifically directed at the voting shares of Mr. Laurance Rockefeller. Mr. Rockefeller's interests were not mentioned in the revised listing which you submitted with a letter dated April 22, 1974. According to our records Mr. Rockefeller's interests as of December 31, 1973, consisted of 125,000 shares of common stock and 216,736 shares of $3.75 cumulative preferred stock. A review of Eastern's Proxy Statement for the Annual Stockholder's Meeting held April 23, 1974, indicates that Mr. Rockefeller's preferred stock was entitled to one vote per share. Accordingly, it appears that Mr. Rockefeller's preferred shares should have been included in your listing of Eastern's top thirty voting shareholders.

If our assumption is correct, we are requesting that you file a revised listing which aggregates Mr. Rockefeller's preferred and common shares as of the date you prepared the original submission so that we may correct our records and the report we issued Senator Lee Metcalf. The revised listing should be submitted in the same format as your previous submission. It should include the percentage of shares held by each stockholder in relation to Eastern's total outstanding voting shares making no distinction between common and preferred shares provided, they had equal voting rights at the April 23, 1974, meeting.

Since it is our understanding that the voting rights of preferred shares are fixed by Eastern's Board of Directors, it would also be helpful to know if there are any restrictions which would alter the voting rights of preferred shares.

Finally, we request your cooperation in filing the revised listing as soon as possible, so that this matter may be quickly resolved.

Sincerely yours,

CLIFFORD M. RAND,
(For W. Fletcher Lutz,
Director, Bureau of Accounts and Statistics.)

CIVIL AERONAUTICS BOARD,
Washington, D.C., November 22, 1974.

Mr. VIC REINEMER,
Staff Director, Senate Subcommittee on Budgeting Management and Expenditures, Washington, D.C.

DEAR MR. REINEMER: In response to your inquiry of October 22, 1974, we have enclosed a revised listing of the top thirty voting shareholders of Eastern Air Lines, Inc.

The listing supersedes the listing of Eastern's top thirty shareholders as set forth in the CAB report dated July 1974 which did not include the preferred shares held by Mr. Laurence S. Rockefeller.

Mr. F. D. Hall, Chairman of the Board and President of Eastern, indicated in a letter accompanying the revised listing that Mr. Rockefeller owned 49,400 common shares and 216,736 preferred shares of capital stock as at March 8, 1974. Mr. Hall's letter does not resolve a difference between the common stock Mr. Rockefeller reports owning as of December 31, 1973, and Eastern's records as of December 31, 1973.

Mr. Rockefeller will be notified of this difference and requested to review his records and, if necessary, file a revised report under Part 245 of the Economic Regulations.

Sincerely yours,

JOHN J. SANDY,
(For W. Fletcher Lutz,
Director, Bureau of Accounts and Statistics.)

EASTERN AIRLINES, INC.

VOTING STOCKHOLDER LISTING AS OF MAR. 8, 1974

Principals of record Mar. 8, 1974	Mailing address	Explanation	Number of shares	Percentage of issued and outstanding shares
1. Merrill Lynch, Pierce Fenner & Smith, Inc	1 Liberty Plaza, New York, N.Y	Broker with redistribution from Cede	2,454,081	12.74
2. Bank of New York	Box 11203, New York, N.Y	And nominees	721,456	3.75
3. Bache & Co	100 Gold St., New York, N.Y	Broker with redistribution from Cede	702,981	3.65
4. Morgan Guaranty Trust Co. of New York	Box 491, Church Street, Station, New York, N.Y	With redistribution from Cede	352,436	1.83
5. E. F. Hutton & Co	1 Battery Pl., New York, N.Y	Broker with redistribution from Cede	329,717	1.71
6. Reynolds Securities, Inc	120 Broadway, New York, N.Y	do	271,948	1.41
7. Laurance S. Rockefeller	30 Rockefeller Plaza, Room 5600, New York, N.Y	Individual	[1] 266,136	1.38
8. Shearson, Hammill Co. Inc	14 Wall St., New York, N.Y	Broker with redistribution from Cede	241,383	1.25
9. Chase Manhattan Bank	Box 1508, Church Street Station, New York, N.Y	And nominees	240,980	1.25
10. Thomson & McKinnon, Auchincloss, Kohlmeyer, Inc.	2 Broadway, New York, N.Y	Broker with redistribution from Cede	236,997	1.23
11. Dean Witter & Co. Inc	14 Wall St., New York, N.Y	do	228,363	1.19
12. Paine Webber, Jackson & Curtis Inc	140 Broadway, New York, N.Y	do	222,985	1.16
13. Hornblower & Weeks-Hemphill, Noyes, Inc	120 Wall St., New York, N.Y	Broker-redistributed from Cede	212,422	1.10
14. Loeb, Rhoades & Co	42 Wall St., New York, N.Y	do	210,081	1.09
15. Pershing & Co	120 Broadway, New York, N.Y	Broker with redistribution from Cede	175,896	.91
16. A. G. Edwards	1 North Jefferson St., St. Louis, Mo	Broker-redistributed from Cede	174,098	.90
17. The Firestone Bank of Ohio	1115 South Main St., Akron, Ohio	And nominees	167,000	.87
18. Harris, Upham & Co	120 Broadway, New York, N.Y	Broker with redistribution from Cede	161,829	.84
19. Hayden Stone Inc	1 W.U.I. Plaza, New York, N.Y	do	150,238	.78
20. Girard Trust Bank	c/o Trust Department Box, 7334, Philadelphia, Pa	And nominees	114,830	.60
21. Manufacturers Hanover Trust	Securities Department, 40 Wall St., New York, N.Y	With nominees; also with redistribution from Cede	103,692	.54
22. First National City Bank of New York	20 Exchange Pl., New York, N.Y	With nominees; also with redistribution from Cede	88,203	.46
23. Swiss Bank Corp	15 Nassau St., New York, N.Y	And nominee	79,839	.41
24. Midwest Stock Exchange Clearing Corp	120 LaSalle St., Chicago, Ill	do	75,962	.39
25. Edwards & Hanly	200 North Franklin St., Hempstead, N.Y	Broker with redistribution from Cede	74,300	.39
26. Pacific Securities Depository	Box 7877, San Francisco, Calif	And nominee	71,899	.38
27. Reserve Life Insurance Co	Attention Investment Department, Box 6165, Dallas, Tex.	Individual Company	68,786	.36
28. Madison Fund Inc	501 Farmers Bank Bldg., Wilmington, Del	And nominee	60,000	.31
29. Dupont Glore, Forgan Inc	77 Water St., New York, N.Y	Broker with redistribution from Cede	59,927	.31
30. Brown Bros., Harriman & Co	67 Wall St., New York, N.Y	do	52,494	.27
Total			8,370,959	43.46

[1] Includes 216,736 shares of preferred stock (100 percent).

NOTES

This listing as of March 8, 1974 which is record date of stockholders entitled to vote at Eastern's Annual Meeting of Stockholders to be held on April 23, 1974 in New York City, and used since full stockholders list and other data available as of March 8 and not at other dates entailing excessive cost.

Step-by-step prescribed procedure listing six steps was followed plus letters of April 12, 1974 and November 5, 1974 from Mr. W. Fletcher Lutz.

It is impossible to list in order of number of shares owned (high to low) the 30 stockholders that *"own"* the most stock since there is no way that Eastern can determine the "beneficial holders" (owners) of shares held in brokers or nominess names, or for that matter in any other name.

EASTERN AIR LINES, INC.,
November 14, 1974.

In re: Your Ref.: B-40-44.

Mr. W. FLETCHER LUTZ,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

DEAR MR. LUTZ: As requested in your letter of November 5, 1974, we are herewith enclosing two copies of a revised listing of our 30 largest Voting Shareholders of Records as of March 8, 1974.

This revised listing now includes a 216,736 shares (total outstanding) of the $3.75 Cumulative Preferred Stock and 49,400 shares of the Common Stock, all of record in the name of Laurance S. Rockefeler. Each share of both Preferred and Common is entitled to one vote. There are no restrictions which would alter the voting rights of the Preferred shares.

We note in the second paragraph of your letter that, according to your records, Mr. Rockefeller's interest as of December 31, 1973, consisted of 125,000 shares of Comomn Stock and 216,736 shares of Preferred Stock. We cannot verify the 125,000 figure as the stockholders' lists for December 31, 1973 and March 8, 1974 both show a holding of record of 49,400 Common shares.

Sincerely,

F. D. HALL.

Mr. METCALF. Mr. President, I would add one note to Eastern's comments that—

There is no way that Eastern can determine the "beneficial holders" (owners) of shares held in brokers' or nominees' names, or for that matter in any other name.

Eastern can ask the brokers and the banks who hold stock for others to identify the major beneficial holders, and supply that information to the CAB, just as railroads and motor carriers now obtain such information which they then file with the Interstate Commerce Commission.

SENATOR RANDOLPH COMMENDS ELLEN KIRBY OF PETERSBURG, W. VA., ON BEING NAMED 1 OF 10 OUTSTANDING YOUNG WOMEN OF AMERICA FOR 1974

Mr. RANDOLPH. Mr. President, on Tuesday, December 3, 10 young women from throughout the Nation were presented at a special awards luncheon in the Nation's Capital as the 10 Outstanding Young Women of America for 1974.

Sponsored by leading women's organizations, the Young Women of America program each year—through its annual awards, honors women between the ages of 21 and 35 for professional and civic achievement.

We are especially gratified that one of the honorees to receive this significant award was Ellen Irene Kirby of Petersburg, W. Va. Others in the top 10 include Carolyn Louise Stapleton, Atlanta, Ga.; Dianne Stone Milhollin, Moscow, Idaho; Judith Anne Bensinger, Chicago, Ill.; Karel Colette Petraitis, College Park, Md.; Linda Louise Glenn, Omaha, Nebr.; Martha K. Schweback, Moriarty, N. Mex.; Lynn Dianne Salvage, New York, N.Y.; Lelia Kasenia Foley, Taft, Okla., and Gilda Marie Iriarte of Washington, D.C.

The board of judges included Carmen R. Maymi, director of the Labor Department's Women's Bureau; former Supreme Court Justice Tom C. Clark; Dr. Bertha Adkins, Chairman, Federal Council on Aging; Capt. Donald K. Forbes, Commandant of the Midshipmen, U.S. Naval Academy, and Mary Kathleen Taylor, editor of the General Federation of Women's Clubs' publication, Clubwoman. Ellen Kirby is the Grant County Public Health Nurse. She attended Texas Woman's University College of Nursing and Physical Modalities Institute, Inc. and Rockingham Memorial Hospital School of Nursing.

She is involved in professional and civic activities, the Parent Advisory Counsel, the American Nurses' Association, the West Virginia Nurses Association and the National Registry of Registered Nurse Therapists. Ellen serves as an advisor on health care for children, and is active in the 4-H program, and in her church.

Ellen attends educational courses and workshops where her medical skills are improved in such areas as treatment of arthritis, heart defects, strokes, and rural health.

She is the daughter of Earl and Neva Groves of Maysville. She grew up on a farm. Ellen was active in 4-H at an early age and has been selected by the National 4-H Foundation and the Cooperative Extension Service of West Virginia University to serve as goodwill ambassador to Norway. She has been the West Virginia delegate to the World's International Farm Youth Exchange Conference and also was the only IFYE representative from West Virginia to the International 4-H Programs Workshop in 1972. During that same year, she was selected as first runner-up in State competition for Young Career Woman.

Ellen, an extremely personable young lady, is married and the mother of a 6-month-old son.

ISSUES IN THE ROCKEFELLER NOMINATION—PART II: THE CASE OF L. JUDSON MORHOUSE

Mr. HELMS. Mr. President, yesterday I laid forth some basic considerations as to why the Rockefeller nomination was ill-suited to the times in which we live, and would bring the procedures of the 25th amendment into disrepute. As I said then, it is the conviction of many people, myself included, that he would be totally unable to separate himself from the suspicion that his official duties, particularly if he succeeded to the Presidency, were influenced by the goals and aspirations of the Rockefeller family dynasty.

Today, however, I wish to turn to something more specific, and that issue is Mr. Rockefeller's relationship with Mr. L. Judson Morhouse, formerly State Chairman of the Republican Party of New York. It is, of course, embarrassing for any political figure to have a close associate tried and convicted for participating in a bribery scheme. It is also true that the bribery plot did not touch the Governor personally.

STANDARDS OF WATERGATE

But since we are considering the elevation of Mr. Rockefeller to high executive office, it is pertinent to examine his attitude toward corruption as already documented in his gubernatorial administration. Since Watergate, we have higher standards about such issues than we have had in past; certainly we are more sensitive about the treatment of those standards. And since our former President stands disgraced because of his lack of candor with regard to corruption in his administration, we would certainly be remiss if we elevated a man to the succession to the Presidency whose standards of candor were, in the minds of countless Americans, equally in question.

Our view of Mr. Rockefeller's character must inevitably be colored not only by what Mr. Rockefeller revealed about the Morhouse case, but also by what he concealed.

MR. ROCKEFELLER'S MISLEADING TESTIMONY

Unfortunately, we do not yet have the whole truth about the Morhouse case. A study of the hearing record can only lead us reluctantly to the conclusion that Mr. Rockefeller deliberately set about to minimize the impact of his relationship with Mr. Morhouse, and even to mislead the Rules Committee and the American people. Certainly his sworn account of one material aspect of that relationship directly contradicts sworn testimony taken 2 years ago before the House Select Committee on Crime, and is apparently also at variance with testimony and evidence introduced at the trial and conviction of one of Mr. Morhouse's associates. I shall go into details on these points in a moment.

But before we begin to analyze the Morhouse case, we should bear in mind that the crucial issue is not how Mr. Rockefeller acted in 1961 when Mr. Morhouse was implicated in the bribery plot and Mr. Morhouse's reputation was publicly accused beyond the capability of cover-up, but rather how Mr. Rockefeller acted in 1959 and 1960 when a scandal would have torpedoed his well-oiled operation intended to capture the Presidential nomination. And perhaps of more importance to us today is consideration of how Mr. Rockefeller acted in 1974 before the Rules Committee. In both cases his actions were reprehensible; but, as I said before, in 1974 we ought to be more sensitive to such actions.

KEY SIGNIFICANCE OF MORHOUSE

To begin with, Mr. Rockefeller on several occasions emphasized that Mr. Morhouse was the only one of his appointees to be convicted for corruption. I don't know why he placed this emphasis on Mr. Morhouse as the solitary criminal example, unless it was to minimize the importance of Mr. Morhouse in his administration. This in itself distorts the significance of Mr. Morhouse. In actuality, Mr. Morhouse first became New York State chairman through the good offices of the late Thomas E. Dewey. It was Mr. Morhouse who, in effect, appointed Mr. Rockefeller.

As State chairman, it was Mr. Morhouse who first championed Mr. Rockefeller as a Republican gubernatorial candidate against considerable opposition, and it was Mr. Morhouse who scoured the State lining up county chairmen behind the Rockefeller ticket in advance of the 1958 State convention. It was Mr. Morhouse who was popularly credited with creating Mr. Rockefeller as an electable politician. At least that was the judgment of the New York Times in a portrait of Mr. Morhouse published on August 25, 1958. I will quote only two sentences from that article:

> L. Judson Morhouse established himself today as a major power in Republican state politics in his own right with his re-election to his third two-year term as state chairman. . . .
>
> By engineering the selection of Nelson A. Rockefeller as this year's candidate, in the face of strong early opposition from powerful groups within the party, he demonstrated his graduation from the amateur to the professional class in politics.

Mr. President, I shall ask unanimous consent that the whole article be printed in the RECORD at the conclusion of my remarks as appendix A.

This commonly accepted political wisdom was contradicted in the Senate hearings by Mr. Rockefeller in an exchange which is strikingly self-serving:

> Senator ALLEN. Was Mr. Morhouse instrumental in your getting the Republican nomination?
>
> Mr. ROCKEFELLER. No, sir.
>
> Senator ALLEN. He had nothing to do with it?
>
> Mr. ROCKEFELLER. Well, he was state chairman, but we had a system at that time where each county had a county committee.
>
> Senator ALLEN. But he supported you personally?
>
> Mr. ROCKEFELLER. Not in the beginning.
>
> Senator ALLEN. I see. When did the support start?
>
> Mr. ROCKEFELLER. If you will forgive me for saying so, when he saw I was going to win.

CREWS AND EPSTEIN

In "engineering the selection of Mr. Rockefeller," Mr. Morhouse had to convince many of the party leaders that Mr. Rockefeller, who was being promoted as an upstate New Yorker, would indeed look out for the interests of the party in New York City. One of the key leaders who became convinced and went over to Mr. Rockefeller's camp at a crucial moment, was John R. Crews, the Brooklyn party chief. In 1959, Governor Rockefeller appointed a well-known Brooklynite, Mr. Martin C. Epstein, to the State liquor authority. On September 13, 1960, Mr. Rockefeller named him as chairman.

In an article in the New York Times, November 27, 1962, Mr. Epstein's relationship with Mr. Crews was described this way:

> In 1960, he was appointed chairman of the State Liquor Authority by Governor Rockefeller on the recommendation of the Brooklyn Republican leader, John R. Crews, with whom Mr. Epstein grew up.

Mr. President, I shall ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks as appendix B.

By the time this article appeared, Mr. Epstein was appearing before a grand jury investigating the State liquor authority. He was subsequently indicted and fled prosecution to the State of Florida. To the extent I have been able to find out, the Governor did not seek extradition. In all probability, if Mr. Epstein had been brought to trial in New York State, he would have been convicted. For in two separate trials, in 1964 and 1966, two individuals were convicted of conspiracy to bribe Mr. Epstein in connection with the issuance of a license to the Playboy Club in New York. The first man was a Chicago public relations man named Ralph Berger, and the second was Mr. L. Judson Morhouse. Mr. Morhouse was convicted on two counts: the first that he had aided the Playboy group in the bribery of Mr. Epstein, and the second that he himself had induced Mr. Epstein to accept an illegal fee.

Simply because Mr. Epstein was never brought to trial, Mr. Rockefeller is probably technically correct in implying that Mr. Morhouse was the only conviction for corruption. According to some newspaper reports, Mr. Epstein became seriously ill, so undoubtedly humanitarianism also played a role in the Governor's failure to pursue a prosecution that would have further embarrassed his administration.

FURTHER CORRUPTION IN LIQUOR AUTHORITY

Moreover, emphasizing the fact that only Mr. Morhouse was convicted also minimizes the generalized state of corruption in the State liquor authority under Mr. Rockefeller. It would be too tedious to recite here the whole history of the investigation, and I suggest that a glance at the many columns in the New York Times index dealing with the district attorney's investigation of the SLA for 1962, 1963, and 1964 would give an indication of the problem.

Mr. President, I shall ask unanimous consent that the sections of the New York Times index be printed in the RECORD at the conclusion of my remarks as appendix C.

Nor is it true that Governor Rockefel-

ler lacked expert counsel on the situation in the SLA. For 27 years, his own attorney general, Mr. Louis J. Lefkowitz, was the law partner of Mr. Hyman D. Siegel, with a practice specializing in pleadings before the SLA. When Mr. Lefkowitz became attorney general, he left the partnership with Mr. Siegel. Mr. Siegel did not divorce himself from contacts with Governor Rockefeller's administration. During the Morhouse trial in 1966, Mr. Siegel's name was introduced in connection with the allegation that Mr. Epstein had urged the Playboy group to retain Mr. Siegel as part of the payoff. According to the New York Times account, Mr. Siegel was retained, but later withdrew and returned $5,000 to his client.

Meanwhile, Mr. Siegel had been indicted on several counts of conspiracy to pay unlawful fees to officials of the SLA. Complications arose with regard to evidence obtained by wiretaps, and the case was not disposed of until 1969 or 1970. At that time, according to information received from the district attorney's office, Mr. Siegel pleaded guilty to the full indictment. He was fined instead of given a jail term on the grounds that he was over the age of 70, the case was 5 years old, and, as a lawyer, the grievance committee of the bar could take action. Mr. Siegel was subsequently censured and suspended by the bar association.

Mr. President, I ask unanimous consent that the article from the New York Times of May 4, 1966, be printed in the RECORD at the conclusion of my remarks as appendix D.

Mr. President, I realize that there are such things as political indictments. But there were also convictions. But it cannot be denied that the district attorney of New York County had uncovered a generalized system of corruption in the State liquor authority, that it reached to the highest levels in the authority, and that it came very close to the political bosses who put Nelson Rockefeller in power. I think that we need this perspective to understand that the Morhouse case was not an isolated phenomenon, or a peripheral incident. There was rottenness at the core. Those to whom Mr. Rockefeller owed a fundamental political debt had abused his trust and the public trust.

These incidents are so well-known in New York that they became an issue in Mr. Rockefeller's 1966 campaign for reelection, when his opponent, Franklin Delano Roosevelt, Jr., charged that Mr. Rockefeller had received the Republican nomination in 1958 as a result of a corrupt "deal" between Mr. Crews and Mr. Morhouse. Mr. Rockefeller's response at first was to refuse to dignify the charges with comment; later he denied that there was a "deal." But he could not deny that Mr. Crews was persuaded by Mr. Morhouse to back the Rockefeller candidacy at a crucial time, that Mr. Epstein was Mr. Crews' lifelong friend, that Mr. Crews did recommend Mr. Epstein, and that Mr. Rockefeller did appoint Mr. Epstein commissioner and later chairman of the SLA. Nor could he deny that Mr. Morhouse entered into a bribery conspiracy with Mr. Epstein.

Mr. President, I ask unanimous consent that a series of articles relating to this matter from the New York Times in October 1966, be printed in the RECORD at the conclusion of my remarks as appendix E.

THE PLAYBOY BRIBERY DEAL

What kind of a man was Mr. Morhouse when he was a member of Governor Rockefeller's chosen inner group? According to the accounts of his trial, Mr. Morhouse had demanded that $50,000 be given to Mr. Epstein, of which $25,000 was delivered and that $100,000 be given to himself in five yearly installments to secure the liquor license for the Playboy Club of New York. The conviction dealt only with the bribe to Mr. Epstein; by the peculiarity of New York law it was not illegal for a State party chairman to accept fees because as a party chairman he was not a public official of the State. In 1967, it became illegal for a party chairman in New York to accept such fees. Nevertheless, the $50,000 and the $100,000 were part of the same deal, and as far as the Playboy group was concerned, it was part of the cost of doing business under the Rockefeller administration. It was this $100,000, of which Mr. Morhouse got only $18,000 before the scandal broke, that Governor Rockefeller referred to before the Rules Committee on November 14 as a "public relations fee."

The accounts of Mr. Morhouse's trial make it clear just what kind of public relations services he performed. The Playboy witnesses testified that Mr. Morhouse first asked not only for $100,000, but also for an option to buy 100,000 shares of stock in the club, and the gift shop concession in Playboy clubs in several cities. They were able to convince him to drop the stock option demand when they told him his name would become public. This passion for anonymity also overcame him when he received his first $10,000 check from the Playboy Club; he sent it back and got a replacement check drawn on the account of H. & H. Publishing Co., the publisher of Playboy magazine. Moreover, when the grand jury subpenaed the Playboy Club books, and Mr. Morhouse realized that the payments were recorded and would be discovered, he wrote a letter to Mr. Hugh M. Hefner, top officer for Playboy, setting forth that he had not accepted fees from the Playboy Club nor performed any services for the club, and asked Mr. Hefner to "make prompt inquiries" into the "error" that made it appear that he had received funds from the club. So much for his skill as a public relations expert.

DELIBERATE FOSTERING OF CORRUPTION

When Mr. Morhouse was brought up for sentencing, however, Chief Assistant District Attorney Alfred J. Scotti, put it in a different perspective which is useful for our purposes here:

> Leadership in the best interest of his party and state was expected of him. Instead, he chose to misuse the vast power of his position to satisfy his greed for money. The possession of this power was considered not as an obligation to improve the quality of our government but as an opportunity to acquire wealth for himself. . . .
>
> It has been established that this defendant in seeking to enrich himself by the use of his political power, knowingly, deliberately fostered corruption in public office. We must take a very serious view of these crimes if we are to sustain the confidence of the people in the integrity of our government.

It was also at the sentencing that Mr. Scotti brought up another aspect of Mr. Morhouse's career. The $100,000 he sought from the Playboy group was not an isolated incident either. He revealed that Mr. Morhouse had received large fees from a number of corporations. Like the Playboy fee, these were not illegal. Mr. Scotti pointed out, however, that Mr. Morhouse was "at least engaged in the sale of political influence for substantial sums of money." According to the New York Times, these were:

> From 1958 to 1962 he received annual payments of $5,000, totalling $25,000 from a company engaged in distributing trading stamps for "keeping an ear tuned to any matter in the state Legislature which would affect trading stamps."
>
> In 1958 and 1962 Morhouse received two $5,000 payments from a corporation for "no specific function."
>
> In 1957 he received $20,000 from a corporation conducting the business of "custom consultant." This was not further explained.
>
> In 1959, from another corporation in the same field, he got $32,000.
>
> Between 1959 and 1961 Morhouse got $19,000 from a public relations firm.
>
> In 1962 a Morhouse corporation, Lyman Associates, received $5,000 from a broadcasting company.
>
> Between June 1959 and January 1963, the defendant received $18,500 from a detective agency.

This totals about $130,000 over a period of 5 years before the Playboy scandal broke. If he had received all of the Playboy money, the total would have been $212,000. Then, according to Mr. Scotti, there was an additional matter of $100,000 which Mr. Morhouse had received in cash in Florida for the purpose of obtaining a racetrack license in 1959. This latter transaction will require a great deal more analysis.

Mr. President, I have a number of news articles from the New York Times dealing with the trial and sentencing of Mr. Morhouse, and I shall ask that they be printed in the RECORD at the conclusion of my remarks as appendix F.

THE RACETRACK TRANSACTION

The transaction between Mr. Morhouse and the racetrack group has been carefully documented in sworn testimony by the House Select Committee on Crime in hearings held on May 22, 1972, and in the trial on New York State Assemblyman Hyman Mintz. Mr. Mintz was convicted on a collateral issue growing out of an attempt to bribe a detective in the Manhattan district attorneys' office to obtain information on the racetrack bribery investigation. The newspaper accounts of the trial which I have consulted agree with the House testimony by Mr. David Goldstein, former assistant district attorney in New York County, Manhattan.

The chronology of the events concerned is extremely important to an un-

derstanding of the circumstances under which Mr. Morhouse received the $100,000 in cash, and under which Governor Rockefeller ordered the money returned. The documented account is considerably at variance on material points with the account which Mr. Rockefeller gave under oath to the Senate Rules Committee.

CHRONOLOGY ON RACETRACK PAYOFF

First. September, 1958.—$100,000 viewed in a safe deposit box by a lawyer, later disbarred, who made representations that the money was going to Carmine DeSapio, then State Chairman of the Democratic Party in New York, and secretary of State whose office had jurisdiction over the State racing commission.

The money was to secure a license for a horse racetrack in upstate New York, now the Finger Lakes Racetrack.

Second. November, 1958.—Nelson Rockefeller defeated Governor Harriman for the Governorship. After the election, Morris Gold, a Republican politician and plumbing contractor, let it be known that the payoff money was "on the wrong horse," and that the money had to go to the Republicans.

Third. Early 1959.—The Nilon brothers, John and James, of Chester, Pa., began to express an interest in getting the food and beverage concession at the racetrack. They were in the concession business.

They were called upon to put up some money for a payoff in order to obtain the concession. Basically, they were to put up $100,000, which was to go to Judson Morhouse in order to secure the license for the racetrack. In return for putting up the money, the Nilons were promised the desired concessions.

Morhouse, an attorney, was then chairman of the Republican Party in New York, a post he had held since 1954. He also was a close political confidant of the newly-elected Governor, in whose campaign for the governor's office Morhouse played an important role.

Fourth. April 7. 1959.—A meeting was held at the Belmont Plaza Hotel in New York. At the meeting were Gold, Hyman "Bucky" Mintz, a New York State Assemblyman and John P. Maguire, Jr., one of the applicants for the racetrack license. Gold and Mintz told Maguire that the license was about to be issued to the Maguire group, but to insure that the license was forthcoming, $100,000 in cash would have to be paid immediately, and that Gold and Mintz were to deliver the money to Morhouse in Florida.

On the same date, a telephone call was placed to the Nilon brothers in Pennsylvania, and they agreed to deliver the money in Florida.

Fifth. April 8, 1959.—Mintz, Gold, and one other person went to Miami and checked into a hotel at Miami Beach. One Nilon brother, in the meantime, had $100,000 transferred from his safe deposit box in the Philadelphia Trust Co., Ridley Park. Pa., to his account, in care of the Metropolitan Bank of Miami. The Nilon brothers then flew to Miami and checked in at the Edon Roc Hotel in Miami Beach.

There was a meeting on April 8, 1959, between Gold, Mintz, certain other persons, and the Nilons. The Nilons refused to turn over the money to Mintz and Gold because the license had not been issued.

The money was not turned over at this time and the Nilons left for Pennsylvania. The Nilons directed that the $100,000 be returned to Pennsylvania.

Sixth. April 9, 1959.—The New York Racing Commission approved the filing of a certificate of incorporation for the Finger Lakes Racing Association, Inc. This was the Maguire group. The reason that the Maguire group was chosen over a competing interest was given by the secretary of State's office, as follows: First, the Maguire group made its application before the other group; second, the Maguire group sought informal conversations with the racing commission first; and third, the landsite for the Maguire group's racetrack was better than the site proposed by the other group. Hardly a convincing series of arguments for preference of one group over another.

The actual license for holding, maintaining and conducting "race meetings" was approved in January of 1962. The track opened for business in 1962.

Seventh. April 10, 1959.—Morris Gold flew to Pennsylvania, where he received $100,000 in cash from the Nilon brothers, and delivered the money to the State of Florida, where he transferred it to Assemblyman Mintz. Mintz told Gold that he was going to the Americanna Hotel to deliver the money to Morhouse.

When questioned about the whole matter in later criminal investigations of the scandals revolving around the Finger Lakes Raceway, Mr. Morhouse refused to answer questions, invoking his constitutional right against self-incrimination under the fifth amendment.

Mintz returned and told Gold that he had given the money to Morhouse.

Eighth. May 5, 1959.—According to testimony given by Gold in the trial of Mintz in 1965—growing out of an attempt to bribe a detective in the Manhattan DA's office to give information on the investigation into the racetrack bribery investigation—Mintz and Gold drove to New York City on May 5 after a summons to do so by Morhouse.

Mintz met with Morhouse for a short while. At the meeting, Morhouse returned the money to Mintz, telling him that Governor Rockefeller had "gotten wind" of the deal and had told Morhouse to give the money back.

How Governor Rockefeller "got wind" of the matter is an interesting matter set out in testimony by Assistant District Attorney Goldstein in his testimony before the House committee.

The same day the $100,000 was turned over to Gold for delivery to Mintz to Morhouse, that is, on April 10, a contract was prepared in the Pennsylvania offices of the Nilon brothers and signed on or about the same date, giving the brother the concessions at the racetrack that they sought. But several of the other directors of the racetrack corporation found out about the contract and repudiated it.

According to information received by the district attorney's office, the Nilon brothers contacted a Mr. Pew, then chairman of the Pennsylvania Republican Party, urging him to contact Governor Rockefeller and tell him that a "political contribution" had been made to the New York GOP and that they "didn't get what they were supposed to get." Mr. Pew was deceased at the time of the House select committee investigation and could not be called to verify this incident. It is unfortunate that Governor Rockefeller was not asked about this point at all.

Mintz took the money back and returned to his home in upstate New York with Gold, to whom he had given the money.

Ninth. May 6, 1959.—According to bank records introduced at the Mintz trial, the $100,000 was placed in a safe deposit box by Gold.

Tenth. May 12, 1959.—The Nilons met with Gold and he returned the money to them.

Mr. President, I shall ask unanimous consent that an article from the New York Times, "Testimony by Rockefeller Raises a Morhouse Issue," November 15, 1974, as well as the testimony of Mr. David Goldstein before the House Select Committee on Crime, be printed in the RECORD as appendix G.

SUMMARY OF CHRONOLOGY

Mr. President, it is clear from this chronology, which has been well established as fact, that Mr. Morhouse went to Florida ostensibly on vacation. At the same time, the group seeking the racetrack license in New York contacted a group in Philadelphia interested in the track concessions and asked them to put up $100,000. The New York group and the Philadelphia group then met in Florida, but the Philadelphia group would not hand over the money until the racetrack license was issued. Technically speaking, what was sought was the permission of the New York State Racing Commission to incorporate as a racing association; this was the substantive decision since the actual license would not be issued until the facilities were constructed and ready to go in operation some years later.

The two groups returned to New York and Philadelphia. Meanwhile, the license was issued. A representative of the New York group went to Philadelphia, picked up the $100,000 in cash and took it to Morhouse in Florida.

All of these events took place between April 7 and April 10, 1959. On May 5, Mr. Morhouse had returned the $100,000 in cash to the racetrack group, telling them, according to the information that came to the district attorney's office, that "the Governor got wind of it."

There is also no doubt that the money was a bribe to get the racetrack license, at least in the view of the man who prosecuted the case. The House Select Committee hearings contain the following exchange:

Mr. WALDIE. So it is your view that the $100,000 that was gathered together was the factor that resulted in the granting of the license?

Mr. GOLDSTEIN. That is my view.

At that time, however, it was not a crime to bribe a party chairman because such a person was not a public official under the law. But the law was later

changed because this kind of so-called influence peddling is a system of corruption that is morally reprehensible. Although technically if Mr. Morhouse had converted the $100,000 to his own use and treated it as income, it would have been legal, the fact that the money came from a group seeking a racetrack license taints it on its face. Moreover, according to Mr. Goldstein's testimony, the head of the group, one John Maguire, had unsavory connections, being the handpicked candidate of a certain Joseph Cataldo. In Mr. Goldstein's words:

Mr. Cataldo is known in New York City to be an associate of many well-known underworld figures, such as Joseph "Socks" Lanza, who is now deceased. As a matter of fact, I have in my possession today a photograph taken of Mr. Cataldo and Mr. Lanza at a wedding in October 1963 that the committee might have some interest in. He was also an associate of Matty "The Horse" Ianello, Anthony "Tony Bender" Strollo, Anthony "Tony Ducks" Crallo, Santo Trafficante, Meyer Lansky, Vito Genovese, Tommy "Ryan" Eboli, and John "Sonny" Franzese.

Mr. Morhouse was investigated by the grand jury in connection with this matter, but he pled the fifth amendment, and so his version of the events was never placed on record.

Mr. President, I think most reasonable persons would conclude that when Mr. Morhouse went to Florida and received $100,000 in cash from interested parties from Philadelphia that it was not exactly a campaign contribution for the New York Republican Party.

MR. ROCKEFELLER'S VERSION

Now the record shows indisputably that when Governor Rockefeller got wind of this unusual transaction he demanded that the money be given back. He is not to be congratulated for this action. Under the circumstances it was morally reprehensible that the Governor failed to take corrective action. For even if Mr. Morhouse did represent to the Governor that the cash transaction was a party contribution, the Governor was derelict in his duty not to discharge Mr. Morhouse for accepting the money in the first place, and for failing to investigate the matter fully in order to purge the State government and the Republican Party of all such malign influences. But there is sufficient testimony by Mr. Rockefeller on the record to suggest very strongly that he was aware all along that Mr. Morhouse was engaged in questionable activities with questionable associates. His version of the incident is strongly lacking in candor:

In 1959, at the Republican Fundraising Dinner, a gentleman arrived, Legislator, with $100,000 in cash in a shoebox, which he handed to Mr. Morhouse. He came from the Finger Lake area.

Well, I was new to politics. I do not like cash. And I said, "Look, get that money back and get it to the people who gave it to him."

I was fearful, and I say it in total frankness, that this was racetrack money, people who wanted to get a license for a racetrack.

That was Mr. Rockefeller's testimony on November 13. On November 14, he added these details:

The circumstances were at a Republican Fundraising Dinner, the first one I attended as a Governor. If my memory serves me correctly, at dinner—and I think it was behind the second tier on the dais—a little huddle was held in which a number of us were informed by Mr. Morhouse that someone had given him a shoebox—later it came out it was a paper bag—my memory is still a shoebox, although I never saw it. . . .

Morhouse was reporting to, I would assume, myself, and the Lieutenant Governor and maybe the Attorney General, you know the whole group was there.

I was indignant. Mr. Morhouse did not say, "This comes from the racetrack people." Mr. Bucky Mintz did not say that. He said it was a cash contributon from friends to the Party.

Mr. Bucky Mintz could have been given a receipt by the Party for $100,000 received and it would have been put into the coffers of the Party and would have been, if I—I am not a lawyer, but if I understand—perfectly legitimately handled.

My concern was, although I was new to the business, but my Attorney General is very sophisticated and very bright, that this did not just sound like Mr. Bucky Mintz coming in with $100,000. To begin with, he did not have it—or at least I do not think he did.

So I looked through what was paid to what I thought was the case, and I said, "Tell that guy to get that money back and to get back to the people who gave it to him."

That was what concerned me . . .

Now at that point I did not know Bucky Mintz. He was an assemblyman, I think, but I wanted to be sure they got it back to the people from whom it came so that they would not find themselves in a position of feeling that they had made a contribution, somebody else pocketing the money.

And then this whole thing really being a very serious situation.

Mr. Morhouse accepted the assignment and reported back to me later that it was carried out . . .

Now, I did not see—although as I say, I am not a lawyer and I was new in the business—I did not see an occasion to take action, legal action, because on the face of it, this could be handled as a legitimate operation.

If we examine this testimony, Mr. Rockefeller's assertions may be summarized as follows:

First. The $100,000 in cash was handed to Mr. Morhouse at the Republican fundraising dinner in 1959.

Second. Mr. Morhouse brought the money up to the dais where the top officials of the administration—Governor, Lieutenant Governor, and attorney general were gathered, and a conference was held.

Third. Although the Governor was unacquainted with Mr. Bucky Mintz, and Mr. Mintz had not said to Mr. Morhouse that the money was racetrack money, the Governor was fearful that it was in connection with the racetrack license.

Fourth. Even though the Governor was fearful that it was racetrack money, he was confident that the transaction could have been legitimately handled if a receipt had been given for a party contribution.

Fifth. The Governor was fearful that if the money did not get back to the original donors, that somebody would pocket the money, and the donors would feel that they had purchased an obligation.

Sixth. If the donors had felt that they were cheated, the situation only then would be serious.

Seventh. Mr. Morhouse returned the money after the dinner, and reported back to the Governor.

Eighth. The Governor took no legal action, because, on the face of it, it could be handled as a legitimate operation.

The explanation has an air of plausibility about it, designed to explain how, on a pragmatic basis, the situation was handled.

INCONSISTENCIES

Mr. Hugh Morrow, Mr. Rockefeller's official spokesman, said after the testimony that the Republican fundraising dinner referred to by Mr. Rockefeller, took place on June 4, 1959.

Mr. President, a major fundraising dinner did take place on June 4, 1959. Since the party was $800,000 in debt after the Governor's campaign, it is plain that this was a major event. It is described in the New York Times for June 5, 1959.

Mr. President, I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks as appendix H.

Mr. President, since the fundraising dinner referred to by the Governor indisputably took place on June 4, 1959, Mr. Rockefeller's testimony is demonstrably false as to the circumstances surrounding the $100,000 transaction:

First. It has been clearly established as matters of fact and record that the money was transferred to Mr. Morhouse in Florida on April 8, and that it was returned by May 5, one month before the purported events as narrated by Mr. Rockefeller.

Second. The fundraising context with which Mr. Rockefeller invested his narrative evaporates when the real circumstances are called to mind.

Third. The suspicion with which Mr. Rockefeller, with hindsight viewed the transfer of funds from Mr. Mintz and his associates, suggests that Mr. Rockefeller had a greater awareness of the unsavory nature of the transaction than he cares to articulate.

Fourth. The notion that such a transaction could be legal on the face of it—when it implied a debt of gratitude to underworld characters—is strikingly naive for Mr. Rockefeller to assert after 15 years have passed.

Fifth. By drawing a vivid picture of the events compressed into a brief time span—the contribution at the dinner, the immediate huddle by the top administration officials, the spontaneous and emphatic rejection of the cash contribution, the impression is left of high moral indignation.

Either the events took place at the function specified by Mr. Rockefeller, or they did not. If Mr. Rockefeller is right, then at least one man was convicted upon evidence substantially different, and another man, a distinguished professional prosecutor, has committed perjury before the House Select Committee on Crime.

But is it possible that Mr. Rockefeller's memory has played tricks upon him, that he has slipped up on a trivial date? The testimony quoted above took place on 2 days, November 13 and 14. It is hard to believe that his ever-present lawyers and advisers might not have refreshed

his memory in the interim. Moreover, a week later, at the hearings before the House Judiciary Committee, he spoke on the same matter as follows:

There is some dispute as to exactly what the date was in terms of the difference of the memories of different people, but there is no question as to what happened. I talked to the Lieutenant Governor, the present Governor of the State, and he said it was at lunch the day of the Republican fundraising dinner. I thought it was that night. My personal feeling is that we probably discussed it both occasions. I simply said, in language that I would not care to repeat at this meeting, get this money back to the people who gave it, not just to Bucky Mintz who was the guy who had it, but to the people back of Mr. Mintz who had given him the money, because I was afraid that this money might not get all the way back to the original contributors, and that we would be hearing from them later, saying, well, we gave money . . .

So, I got a report back that he had, Mr. Bucky Mintz went down to the Roosevelt Hotel, bought a suitcase for $17.50 to put his money in and take it back to where it came from. He returned it to the individuals and this was not in payment of a license that had been granted. The story was this was hopefully to encourage those who would grant the license.

This further piece of testimony makes it exactly clear that Mr. Rockefeller is sticking to his story that the events took place on June 4. Moreover, he suddenly shows a greater familiarity with the detail—how much the suitcase cost, where he bought it, and what the alleged contribution was for. Whereas, before he only admitted to a suspicion that the money was in connection with the racetrack license, in this further exchange, he shows a familiarity with the reason for which the money was given. On the face of Mr. Rockefeller's own testimony, his assertion that the money was offered as a contribution which was bona fide on its face is an assertion which is inherently improbable.

If Mr. Rockefeller's righteous indignation could not have taken place in the fundraising context where he attempts to place it, then it must have taken place earlier. And if it took place earlier, and he was familiar with the racetrack origin of the money, then he must have been aware that there was an illegal, or at least immoral, debt of obligation connected with the transaction. And if he saw no reason to take legal action, or even to take the prudent action of investigation to purge the administration and the party of everyone who was involved in the transaction, then he was certainly guilty of dereliction of duty as Governor and head of the party.

Many will make the reasonable inference that Governor Rockefeller in 1959 had learned the details of the transaction between Mr. Morhouse and the racetrack group in Miami, and that he feared a scandal would disrupt the prestige of his new administration. Indeed, his reiteration of his supposed fear that the so-called contributors would demand a quid-pro-quo for their money is strikingly parallel to the allegation that came to the District Attorney's office that the Republican Chairman of Pennsylvania did in fact contact Governor Rockefeller to complain that the Philadelphia would-be concessionaires had made a contribution in New York and were not getting what was promised. And this would be consistent with the testimony in the trial of Mr. Mintz that the money was given back because the Governor had "got wind" of the transaction.

The cash "contribution" to Mr. Morhouse from the racetrack group was therefore a sordid transaction to which the Governor was an accessory. Giving the money back in itself was not a laudable conclusion to the incident; the circumstances suggest that the money was given back to cover up the fact that such transactions were taking place in the Rockefeller administration. Moreover, the events took place at a time when Mr. Rockefeller was beginning to organize his expensive, but abortive, campaign to capture the 1960 Presidential nomination, and a racetrack scandal would have been fatal to his ambitions. Had he taken action to purge his administration and party of such influences, then the incident would have been a mark of courage and true statesmanship. As it stands, it is a dirty little story to be kept in the shadows.

COVERUP 1974?

Some might say, of course, that the events were characteristic of politics, particularly New York politics, in that decade, and that the Governor made an error of judgment, but not a major error. Yet today, the same man is asking to be confirmed as Vice President. In recent weeks he has appeared before two committees of Congress and given a version of the incident that is not only demonstrably in material error, but in the kind of error that seems calculated to put the light of moral outrage on a situation where the nominee's own character was lacking. In short, the coverup of 1959 was perhaps the slipup of an inexperienced neophyte in practical politics; but is it not a fair inference that the episode of 1974 was a deliberate deception by a mature political figure who had before him the tragic example of Watergate?

It also helps to explain, too, why Mr. Rockefeller gave such a peculiar characterization to his reasons for making loans to Mr. Morhouse. Repeatedly, he stated that Mr. Morhouse was unsalaried as State chairman, and that he had no visible means of support. Therefore, the loans which he and his brother made to Mr. Morhouse were necessary to put him beyond the reach of "temptation" and to give him some "legitimate" income. Strange words are these to use of a man who was engaged in the public trust. They suggest strongly that, long before the Playboy bribery plot was unfolded, Mr. Rockefeller had reason to suspect the probity and prudence of Mr. Morhouse.

Mr. Rockefeller knew full well that, as vice chairman of the New York Thruway Authority, Mr. Morhouse, who had no experience with highways, was earning $17,000 per year. His duties were once again described by Mr. Rockefeller as of a "public relations" nature. I asked the Library of Congress what the equivalent of $17,000 in 1959 dollars was in 1974 dollars, and I was given the figure of $29,833. Now $30,000 may be pocket change to Mr. Rockefeller but there are millions of people in this Nation who would like a chance for that salary where their duties consisted of "public relations."

One must ponder, therefore, whether Mr. Rockefeller's repeated assertion that Mr. Morhouse was unsalaried as State chairman was an attempt to mislead the Congress and the American people into thinking that Mr. Morhouse's public spirited activity was driving him to the verge of poverty. Actually, the fact that he was State party chairman was his sole qualification to be vice chairman of the Thruway Authority. And when Mr. Morhouse was convicted of participating in the bribery plot, the State legislature approved the expenditure of $133,000 to New York City as reimbursement for prosecution of a State official.

Nevertheless, by minimizing Mr. Morhouse's income before the committee, Mr. Rockefeller provided himself with an attempted rationale for the loans and gifts which he and his brother provided. It is one thing to say that a man needs income because he is performing free public service and has no private income; it is another when the man has a private income from a State sinecure. Real need would be the explanation of the first; a gratuitous reward not based on need would be the explanation of the second. But to go beyond these explanations and maintain that a man with a comfortable income needs an income supplement to put him beyond the "temptation" of corruption is to suggest that the recipient is a man of unusual greed and questionable morals. That latter point is effectively established by his conviction in the bribery plot.

WARNING ON MORHOUSE'S CHARACTER

But did Mr. Rockefeller have reason to believe that his protege was not a man of high character at the time the loans were made?

Mr. Rockefeller denied that he had reason to suspect Mr. Morhouse. In the Senate hearings, Senator Allen asked:

How is it that you were willing to keep in office such a man who had the propensity for yielding to temptation?

Mr. ROCKEFELLER. Well Senator Allen, if I had your perception, I would have fired him, but I did not know that he had that propensity until it showed up——

Senator ALLEN. I thought in 1960 you knew that because that was the reason you made him these loans.

Mr. ROCKEFELLER. I wanted to keep him from the temptations of a man who had a large family to support—college age children, his mother-in-law and his mother living with him in his home—a wonderful opportunity, of course, for him, but, of course it was expensive, and I felt this man was under a lot of pressure.

Reviewing the documented evidence, the answer must be made that Mr. Rockefeller had ample warning, and did not need to implicate Mr. Morhouse's mother-in-law as a probable cause of corruption. The race-track transaction was warning enough, even if he did not know of the other "public relations" fees Mr. Morhouse was receiving from private corporations. But instead of reprimanding Mr. Morhouse, or better

yet, dismissing him, he condoned the action. It is true he ordered the money given back, but his own testimony shows that order was intended to avoid trouble with those offering the corrupt contribution.

How did Mr. Rockefeller condone the action? He immediately set about arranging so-called "legitimate" income. It is possible that Mr. Morhouse had difficulty distinguishing between the questionable political deals he was arranging for himself, and the equally political arrangements between himself and the Rockefeller brothers. Both, after all, were behind-the-scenes arrangements based upon political influence, rather than upon merit in the free market. Both kinds of deals sought to secure influence, that is, to establish a firm political bond between the participants. The fact that financial gain was the motive behind the one type and building a viable political organization was behind the other is a difference in emphasis.

THE MORHOUSE LOANS

The racetrack transaction took place in April and May 1959.

Almost immediately, Mr. Rockefeller set about getting Mr. Morhouse some "legitimate" income. This centered on the Babylon, N.Y. property. A story appeared in the New York Post on December 2 which has the appearance of careful investigation and reporting. This story says:

In the summer of 1959, The Post learned, real estate developer William Zeckendorf focused on this property as "a perfect investment for anyone who wanted to make a steady buck."

His assessment, it was found, reached the offices of Milbank, Tweed, Hope & Hadley at 15 Broad Street, the Rockefeller family lawyers, at the very moment they had assertedly been instructed to find a profit-making enterprise for Morhouse."

Mr. Rockefeller confirmed in the hearings that the property did come to his attention through Mr. Zeckendorf.

On August 14, 1959, according to the New York Post investigation, Seyah Corp. was established, with the directors listed as Francis D. Logan, Francis H. Musselman, and Nolly S. Evans. Mr. Morhouse was president. The address was given as 15 Broad Street. Logan and Musselman were lawyers with the Milbank, Tweed firm.

On December 3, the property was sold by its former owner to Seyah Corp., the stock of which was wholly owned by Mr. Rockefeller.

Meanwhile, on December 22, Laurance Rockefeller sold to Mr. Morhouse securities from his personal portfolio at a cost of $49,000 and took his promissory note in payment. Thereafter, Mr. Morhouse sold 2,500 shares of one company back to Mr. Laurance Rockefeller and his associates for about $79,375. That canceled the note to Laurance Rockefeller, leaving Mr. Morhouse with a net profit of $29,823.25, and 2,500 shares in another company worth $240,000 free and clear.

On September 21, 1960, Mr. Rockefeller loaned Morhouse $100,000 to purchase all of the stock of Seyah Corp. The loan, in effect, enabled Mr. Morhouse to purchase property worth $275,000, not including a long-term lease by a blue chip company.

On July 20, 1961, the State public works department approved the purchase of 7,374 square feet of the land owned by Seyah Corp. for $3 per foot, a total of $22,629.99, to build an embankment for a grade elimination crossing. By one of those fortunate coincidences that sometimes happen to those who move in the inner circles of power, the property purchased by Mr. Rockefeller and subsequently by Mr. Morhouse just happened to be on a proposed grade elimination site. Although the State paid $22,000, the town of Babylon reduced the assessment for the remaining site by only $75. The investigation by the Post indicated that the State paid about twice the going rate for industrial warehouse properties condemned elsewhere in the area for the grade elimination program.

Mr. President, the Post investigation reported that the total value of Mr. Rockefeller's generosity in the Seyah Corp. loan/gift transaction was more than $600,000.

Mr. President, I shall ask unanimous consent that the article from the New York Post of December 2, 1974, be printed in the RECORD at the conclusion of my remarks as appendix I.

The hopes of putting Mr. Morhouse beyond "temptation" apparently were doomed to failure, because at this very time he was engaging in his negotiations with the Playboy group that led to his conviction.

On December 27, 1962, Mr. Morhouse abruptly resigned as State chairman, only 3 months after he had been elected to a fifth 2-year term. Thirteen days later, he gave up his post as vice-chairman of the State thruway authority and resigned as chairman of the Lake George Park Commission. Hours later he was called before the grand jury investigating the State liquor authority. On December 7, 1965, he was indicted.

The events of his trial in June 1966, have already been recounted. The only other matter of note is the hundreds of communications sent to Justice Abraham J. Gellinoff before he sentenced Mr. Morhouse. The letters commended Mr. Morhouse for his "integrity, honesty, and devotion to good government." They came from people in high offices throughout the party structure in the State, a phenomenon which many interpreted as requiring the approbation of the Governor. Indeed, one such letter came from the secretary to the Governor, and it used the Governor's name in urging leniency. The signature, first denied, then admitted, on the letter was that of William J. Ronan.

Mr. President, I shall ask unanimous consent that two articles from the New York Times, June 17 and June 18, 1966, be printed in the RECORD at the conclusion of my remarks as appendix J.

Mr. Morhouse appealed his case, but lost all the appeals. On December 23, 1970, before he began serving his sentence, Mr. Rockefeller commuted his sentence. On December 27, 1973, Mr. Rockefeller cancelled his noninterest bearing note at the discounted value of $86,312.50.

It is generally agreed that Mr. Morhouse is indeed a sick man. But once again, Mr. Rockefeller's humanitarian interests and political interests conveniently coincide. Despite Mr. Rockefeller's denial, it is undoubtedly true that he owed Mr. Morhouse a debt of gratitude for electing him to office. But it is plain that Mr. Rockefeller repaid that debt in a way that contributed to, rather than prevented Mr. Morhouse's ruin. The concept of easy money through political influence was apparently reinforced in the mind of his protege, even though this money was "legitimate."

There is no way to rewrite history. But I suggest that one reason for the lack of candor with which Mr. Rockefeller presents the Morhouse story is the nagging feeling that there was something unwise about a wealthy man in high office bestowing lavish gifts upon subordinates and making them psychologically dependent. Only one of Mr. Rockefeller's beneficiaries was actually convicted, but key officials throughout his administration were caught up in an unnatural relationship that distorted the execution of the public business. I will address myself to this point when the Senate takes up the nomination of Mr. Rockefeller for floor debate.

Mr. President, I have prepared a chart which shows the chronology of the Morhouse case, and Mr. Rockefeller's version of it, and I shall ask unanimous consent that it be inserted before the appendices at the end of my remarks.

Mr. President, I now ask unanimous consent that all of the material heretofore referred to by me for printing at the conclusion of my remarks be printed in the RECORD.

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

APPENDIX A

[From the New York Times, Aug. 25, 1958]

LEADER OF THE YOUNG GUARD G.O.P.—LYMAN JUDSON MORHOUSE

ROCHESTER, Aug. 24.—L. Judson Morhouse established himself today as a major power in Republican State politics in his own right with his re-election to his third two-year term as state chairman.

For most of his tenure he was regarded as "Dewey's boy," a reference to his selection for the office by former Gov. Thomas E. Dewey on the eve of the 1954 state convention. He was placed in charge of running a campaign for a ticket he had no part in picking. When it went down to defeat, there were many who thought he had been given an assignment that was too big for him.

By engineering the selection of Nelson A. Rockefeller as this year's candidate, in the face of strong early opposition from powerful groups within the party, he demonstrated his graduation from the amateur to the professional class in politics.

He is now faced with the problem of electing Mr. Rockefeller.

A lanky six-footer with a fair complexion and unruly sandy hair, Mr. Morhouse is a far cry from the old popular concept of the portly, cigar-smoking politician.

ACCENT ON YOUTH

Mr. Morhouse is 44 years old. He leans strongly to the view that the future of the political parties belongs to their younger members and that the successful politician today must be well versed in the modern techniques for attracting attention and influencing people.

One of the first things he did after the 1954 election was to acquire a dozen and a half books on opinion polls, their strengths and weaknesses, by the recognized masters of the subject and their leading critics. His belief is that the opinion poll can be a powerful tool in winning elections if properly used.

He also devoted himself to a study of the manner in which various concepts of people and ideas become imbedded in the public mind. With this as a base and the skillful assistance of Harry J. O'Donnell, he has kept up a barrage of public statements he hopes has produced a picture of Governor Harriman as weak, vacillating, ineffective, power-seeking and frustrated. Mr. O'Donnell was Governor Dewey's press secretary and is a recognized master of the verbal barb.

Lyman Judson Morhouse was born in Ticonderoga, on Lake Champlain, where he still lives. His father ran a summer camp for boys, and young Jud devoted many summers to work as a counselor. At Middlebury College in Vermont he earned the nickname "Breeze." He qualified for the bar by reading law in a local law office. His firm now has its main office in New York City.

He got into politics by winning election for Justice of the Peace. This was followed by election to the Assembly. He came to Governor Dewey's attention by his campaign as director of the Good Roads Association to win approval of a state constitutional amendment placing the state's credit behind $500,000,000 of Thruway bonds.

COVERS STATE BY PLANE

He usually spends two days of each week at Republican headquarters in Albany, another two days at headquarters in New York and two days traveling about the state.

He spends Sundays, and those Mondays when the weather won't permit flying, at Ticonderoga with his wife Marge, and three of their four children. The oldest was married last winter.

As state chairman, he has run up some of the biggest telephone bills and plane travel bills in the party's history.

His telephone technique requires an instrument with a cord long enough to reach from one end of the room to the other. This enables him to pace the floor while talking.

[From the New York Times, Nov. 27, 1974]

APPENDIX B

EMBATTLED LIQUOR CHIEF—MARTIN CHESTER EPSTEIN

Fifty years ago, Martin Chester Epstein sat in the darkness of Brooklyn movie houses and pounded tensely on a piano while Indians chased the stagecoach down a dusty road or while the girl hung precariously from the cliff.

He was never a pianist of great promise, but he was good enough to make a living at it, and with the money he earned he paid his way through New York Law School. After that, he earned a quieter, and better, living. He became a successful lawyer, got into politics and soon reaped the profits of Republican patronage in his home borough of Brooklyn.

In 1960, he was appointed chairman of the State Liquor Authority by Governor Rockefeller on the recommendation of the Brooklyn Republican leader, John R. Crews, with whom Mr. Epstein grew up.

Mr. Epstein was 70 years old yesterday, but there was no birthday party. Late in the day he was in bed, under sedation, and his wife, Roselyn, and two miniature French poodles moved quietly through the family apartment at 25 Monroe Place.

"THE BEST HE COULD"

"All I know is that this man did the best he could," Mrs. Epstein said quietly. She was obviously tired and distraught after her husband's day in the Criminal Court Building. "He practically gave his life, and certainly gave his leg, to this job."

Mr. Epstein has diabetes, and a circulatory condition forced the amputation of his left leg this year. He is also suffering from heart trouble, hardening of the arteries and poor hearing.

"I'm not interested in the legal aspects of this case," his wife said. "All I'm interested in is my husband's health."

For Mrs. Epstein, her husband and his friends, it was the most depressing of birthdays. His failure to waive immunity when he appeared before the grand jury investigating the Liquor Authority resulted in Governor Rockefeller's relieving him from his job as chairman of the agency.

Until this year, Mr. Epstein's career had been marked by many successes.

He was an industrious student at Erasmus Hall High School, and helped support himself and his family from his earnings at the piano.

FORMER U.S. COMMISSIONER

In 1927, he was appointed United States Commissioner in the Eastern District of New York by President Calvin Coolidge, and thousands and thousands of faces passed before his bench. He once said that most criminals went wrong because they were lazy and that this laxness coupled with their egos gave them courage to commit their crimes.

"You see," explained, "there are two very definite types of criminals. There is the professional hardened by many crimes and arraignments, who comes up here knowing what it is all about and as cold as ice; then there is the more petty offender, usually a case of arrested mental development, who is surly and defiant, even feeling that it is unjust for society to punish him. Those in the first group often try to tell me what the law is. They know all the loopholes."

An old acquaintance said that Mr. Epstein was "very tough on bank robbers and narcotic defendants" but that too often had warmth and compassion for the unfortunate.

"I remember one Christmas Eve when a part-time mailman got half stiff and threw some mail down a sewer," the acquaintance recalled. "The assistant United States attorney wanted $5,000 bail, but Epstein looked around the room and said, 'Not on Christmas Eve'. And the mailman was allowed to go home. The mail was eventually recovered."

He was Commissioner until he joined the Liquor Authority on Feb. 25, 1959. He was appointed the Authority chairman on Sept. 13, 1969.

Mr. Epstein, 5 feet 8 inches tall, was prematurely bald, and stocky; but he dropped from 160 pounds to 125 this year, his wife said. He was known to fellow Republican politicians in Brooklyn as an inveterate cigar-smoker until diabetes forced him to give up cigars; a one-drink man and a dog fancier.

His interest in dogs began in a big way 14 years ago after he married his wife, a Brooklyn girl who owned a Bedington terrier. The Bedington won many ribbons in dog shows and a judicial friend said yesterday that his lasting image of Mr. Epstein would be one of him "walking around Brooklyn Heights in the evening with a screwy looking dog."

Mr. and Mrs. Epstein have no children.

APPENDIX C

[From the 1962 New York Times Index]

SLA PROBE: NY County Dist Atty Hogan probes SLA and Chmn Epstein for violations in adm; gets ct order for Epstein med exam after he fails to answer grand jury subpoena; Asst Dist Atty Scotti comments, N 15,1:1

SLA PROBE: Hogan's office subpoenas SLA records, hints probe may be expanded; Rockefeller office repts Epstein to be retired in Dec on reaching age of 70; Mayor Wagner's '61 criticism of SLA noted, N 16,1:2; Hogan gets truckload of SLA records; Sen Marchi comments on probe; ct-apptd dr examines Epstein; Albert French Restaurant mgr says he picketed SLA during summer demanding probe; he and others discuss 'graft' in agency operations, N 17,1:2; ed lauds Hogan handling of probe, N 17,24:2; Rockefeller offers NYS support to Hogan, lr; calls for prosecution of guilty; '55 probe of SLA revd, N 18,1:1; SIC probes SLA for adm shortcomings; will not conflict with Hogan inquiry, N 19,1:1; ct rules Epstein physically able to appear before grand jury, limits conditions, N 20,1:7; SLA sr investigator E Moss relieved of duties for refusing to waive immunity before grand jury, N 21, 1:4; Hogan plan to enlarge staff indicates expanded inquiry; SLA statement defends personnel, pledges aid to Hogan, N 22, 1:2; Hogan expected to seek grand jury term extension; data study will take several mos, N 23, 1:1; Epstein atty says he will refuse to sign waiver of immunity; reads Epstein statement; Atty Gen Lefkowitz says Moss must be removed from post, lr to SLA, N 24, 1:1; Rockefeller urges Epstein to appear before grand jury, waive immunity, wire; warns on ouster; Epstein says he will appear, N 25, 1:2; wire text, N 25, 46:1; Epstein appears on stretcher, refuses to sign waiver; ousted by Rockefeller; Moss dismissed, N 27, 1:1; Epstein biog, N 27, 33:1; ed scores conduct of press and TV reprs as Epstein was carried out of ct, N 28, 38:2; 3d SLA official M L Bernstein dismissed for refusing to waive immunity; Epstein atty charges Rockefeller had no right to ask Epstein to waive it, lr to him; NYC Hotel Assn defends SLA, statement, N 28,1:3; ouster of SLA aides for refusing to waive immunity explained, N 28,52:6; 23 holders of liquor licenses turn in records to Dist Atty; SLA denies it will bar resignation of employes who may be questioned in probe; Albert French Restaurant links Aug 22 suspension of liquor license to its pub criticism of SLA, N 29,1:3; Dist Atty office indicates grand jury will not be held over, new one will handle probe, N 30,22:5; lr backs ed on Hogan, N 30,32:6

SLA PROBE: Gov Rockefeller pledged to bar 'econ reprisals' against dealers and bar owners who testify against SLA news conf; urges all aid Dist Atty in probe, D 1,1:3; comment on probe; SLA powers and functions opportunity for graft discussed D 2,IV, 5:6; D 3,19:3; issuance of liquor license to Embassy bar W 44th St, probed; actual owners reptdly are S, H and B Mason, charged with operating it as 'clip joint'; details, D 5.1:6; lrs on Nov 28 ed on newsmen's conduct in covering Epstein appearance before grand jury, D 5.46:4; D 7,38:6; SLA revokes Embassy license; Hogan starts submitting evidence to grand jury, D 6,1:6; more data presented to jury; 25 more subpoenas issued to bar and liquor store owners; NYS Appellate Div upholds license suspension of Albert French Restaurant, NYC, D 7.45:1

[From the 1963 New York Times Index]

APPENDIX C

SLA PROBE: L. J. Morhouse refuses to waive immunity when called before NY County grand jury, Ja 10, 15:8; ed. Ja 23, 6:1

SLA PROBE: ex-State Sup Ct Justice Newman testified before grand jury in Jan; Gaslight Club says it had retained Newman for 'gen purposes' early in '63, assumes he was queried on his services to it, Mr 6, 4:8

SLA PROBE: forthcoming Life magazine names Morhouse, Sen Mahoney, Speaker Carlino and NY County ex-Chmn Newman among prominent Repubs who represented clients before SLA; Mahoney charges attempt to smear Rockefeller; latter comments, news conf; illus, Ap 2, 1:3; SLA Chmn Hostetter and aides map changes to combat graft and corruption within agency; police question

ins investigator on theft of SLA records, Ap 6, 47:3; arrest investigator G. Reinhardt, unpaid SLA aide, for theft, Ap 7, 77:3; Hostetter says that Reinhardt played minor role in SLA, that stolen records were unimportant, Ap 9, 51:1; H D Stegel, ex-aide to Atty Gen Lefkowitz for 27 yrs, refuses to waive immunity before grand jury, Ap 11, 1:6; Siegel says Lefkowitz ended their relationship completely when he became Atty Gen, Ap 12, 15:7

SLA PROBE: Rockefeller asks Judge Osterman to resign for refusing to waive immunity to testify before grand jury; warns that Ct on Judiciary will be convened to remove him if he refuses; Osterman had agreed to signing ltd waiver; illus, Ap 16, 1:7; Osterman refuses to resign; Rockefeller directs Ct on Judiciary be convened; Osterman refusal contained in blistering lr from his atty H B Steinberg to Gov, Ap 17, 1:2; texts of Steinberg lr and Rockefeller's lr to Chief Judge Desmond asking ct be convened, Ap 17, 28:4; Osterman gets leave of absence pending outcome of proceedings; ABC Bd investigator S M Appel refuses to waive immunity; bd rescinds acceptance of his resignation granted before it knew he was under subpoena, Ap 18, 1:2; ed queries legal correctness of Osterman's refusal to sign gen waiver, Ap 18, 34:1; Osterman career, Ap 18, 71:2; R. Berger indicted for plot to bribe high SLA official to issue liquor licenses to Playboy and Tenement night clubs; repls $50,000 was agreed-upon-price for Playboy, $10,000 for Tenement; describes several visits paid to SLA official in a NY County hosp; charges $18,000 was paid to a 'certain atty' in connection with conspiracy to get Playboy license; names 3 other co-conspirators who testified before grand jury and read immunity from prosecution; Berger illus, Ap 18, 1:5, ACLU to back Osterman, Ap 19, 87:4; Playboy official H M Hefner says club sought only its legal rights and was victim of extortion; notes it cooperated with Dist Atty immediately; recalls Rockefeller pledge last Nov to bar econ reprisals against those who cooperated; Appel fails to return to work, Ap 20, 1:4; Rockefeller says Playboy Club will keep license, Ap 21, 1:3; probe points up powerful SLA and ABC controls; reforms seen; cartoon on Gov's role, Ap 21, IV, 5:1; SLA dismisses Appel after he again refuses to waive immunity; illus; Morhouse disclosed to have met twice with Playboy Club officials before it read liquor license; SLA aide W E Phillips testifies; Hostetter says no disciplinary action will be taken against Playboy or Tenement clubs, Ap 23, 29:1; Hogan charges wife of ousted SLA Chmn Epstein stole documents from SLA office Nov. 29 to conceal evidence of bribery and other crimes; says documents were retrived from her bro; Reinhardt indicted for stealing files, Ap 24, 1:2; Tenement owner Jacklone says he testified he made a $10,000 payoff to an Epstein relative and another $10,000 to Berger for liquor license; says Tenement recd it June 29 '62, Ap 25, 25:7; Piccolo Club owner S. Turiello testifies that SLA employe demanded $2,000 to let him keep liquor license; charges police harassment since '57, Ap. 27, 1:2; ed backs Hogan's effective use of immunity grant to get evidence, Ap 29, 30:2; L Mayers criticizes officials demanding immunity as price for testifying, lr, Ap 29, 30:5; jury grants immunity to Winkler to force him to testify whether he conspired to bribe an SLA official, Winkler balks, Ap 30, 1:1

SLA PROBE: E Rager, ex-City Coucilman and atty for private detective H. J. Getting, charges Lefkowitz is trying to 'ruin' him and his client because they have information linking Lefkowitz to corruption in SLA; says Lefkowitz's persecution of them stems from their own probe of his activities; Lelkowitz scores charges, My 1,1:6; Siegel's atty sues Hogan to halt current phase of probe because electronic eavsedropping was used; move seen attempt to forestall testimony by Seigel's law partner M Winkler, My 1,1:7; officials of states in which pkg stores are state-operated rept far less corruption than under N.Y. system, Natl. Alcoholic Beverage Control Assn., My 1,30:1. Winkler, under cloak of immunity, testifies after Siegel's efforts to stay proceedings fail; Appellate Div. sets hearing on Siegel protest against data obtained by eavesdropping; Sec. Simon denies Getting charge that N.Y. State Dept. probe of his activities is linked to SLA probe, My 2,1:6; A Klapper, Epstein's law clerk for 15 yrs., and 2 others indicted for bribery and conspiracy; Klapper identified as man who carried $2,500 to N.Y.C. hosp. in Aug. '69 to bribe SLA official to approve change of location for Bklyn. bar; indictment stemmed from bar owner P. Ferraro testimony given to grand jury after he was granted immunity, My 3,1:8; SLA Chmn. Hostetter to ask Turiello to identify SLA employe who sought $2,000 pay-off to let Piccolo Club keep its license; Dist. Atty's. office says alleged incident was thoroughly investigated at the time, My 4,1:5; influential Repubs. urge Rockefeller to widen probe, My 5,1:5; 'important' but unidentified witness testifies before grand jury, My 7,1:7; 4 persons testify; Rager sues Lefkowitz for $3.5 million, charging attempt to ruin his reputation and discredit information he has about Lefkowitz role in SLA corruption, My 9,31:3; H. Steinman, theatrical agent, indicted for perjured testimony on his role in getting licenses for Playboy and Tenement Clubs; illus.; had been granted immunity from prosecution, My 10,19:1; probe repercussions outside N.Y.C. discussed; dist. Attys. in 7 other counties get data on possible crimes; other N.Y.'s residents complain of liquor license graft, some dist. attys. comment, My 11,1:7; IRS looks into finances of those involved in probe, My 12,1:2; typewriter on which bribery note was allegedly written in Osterman's chambers exhibited to grand jury; Osterman sec. G. O'Shaughnessy testifies after getting immunity from prosecution; illus., My 14,23:1.

SLA PROBE: Klapper appears voluntarily before grant jury; 6 others testify; Siegel renews efforts to avoid testifying, My 16,1:5; ex-convict C. Duke (C. Kaminetsky) and ex-union official S. Berger indicted for perjury in testimony on alleged payoffs for Playboy and Tenement Clubs licenses; both had been granted immunity; Winkler testifies, 3d time, My 21,1:1; SLA chief exec officer W. F. Wise, Deputy Comr. Weiss and 4 ABC Bd. investigators testify; all waive immunity My 23,1:7; Siegel indicted on 4 counts of conspiracy to bribe SLA officials; illus.; 1st count concerns store owners' unsuccessful 3½-yr. effort to move next door until they asked Siegal's aid, paid him $5,000; Siegal and Winkler charged with paying SLA official $1,500 to get move approved; other details, My 24,1:6; ed scores 'ugly mess of corruption'; urges strict legis. reforms, My 25,24:2; SLA overrules N.Y.C. ABC Bd., reinstates Piccolo Club license, My 25,25:1; Ct. on the Judiciary to hear charges against Osterman; B. Bromley to conduct case; charges detailed, My 26,95:4; wide variance in U.S. liquor legis. discussed; N.Y.'s laws found as effective as others, My 26,IV, 8:3; ABC Bd. Comr. Meany, Wise and J. R. Pape testify; waive immunity; Rager raises libel damage demand for Lefkowitz to $4.1 million, My 28,27:3; A. V. Selig, atty. and ex-member of Local School Bd. 3, refuses to waive immunity; Pape and Wise testify again, My 30,18:4.

SLA PROBE: Selig held in contempt for refusing to tell grand jury if he passed $39,000 bribe to Epstein, Je 6,32:2; apologizes to ct, promises to testify; illus, Je 7,32:2, NYS Sup Ct rejects Siegel complaint that his law office was 'bugged' by Dist Atty, Je 8, 14.1; lr on May 25 ed on 'mess' backs broader reforms, Je 10,3:5; Selig, O'Shaughnessy and Pape testify, Je 11,41:4; Selig cleared of contempt, Je 12.18:7; ABC Bd. investigator L. Carlin refuses to waive immunity; dismissed, Je 13,23:1.

SLA PROBE: ABC investigator D H Martin dismissed for refusing to waive immunity, Je 18,25:5; grand jury extended 6 mos; SLA Deputy Comr Licato, 6 others testify, Je 21, 60:1; Mrs. Leon details fruitless 4-yr effort to get license to relocate pkg store; describes bribery demands by SLA officials and other illegal proposals by self-termed 'fixers'; says she reptd it to Dist Atty in '60, would gladly testify before grand jury, Je 24,55:1; Licato and 2 others testify, Je 25,41:1; bar operator J M Golly indicted for perjury, atty H Neyer indicted again on 6 new counts of conspiracy in pay-offs; grand jury recesses for 2 mos, Je 27,41:2; rev of probe results to date. Je 30,59:4

SLA PROBE: Hogan repts probe will be stepped up in Sept to keep 2 grand juries at work simultaneously, Jl 6,11:3; SLA Chmn Hostetter creates Trial Examiners Bur and Pub Service Bur to curb bribery and influence peddling, Jl 17,1:1; Osterman trial before Ct on Judiciary postponed pending motion to dismiss case, Ag 6,28:5; indictment of SLA 'higher-ups' seen after 2 grand juries get information; Hostetter plans for further SLA reorgn, S 1,39:1; Ct. on Judiciary hears Osterman case, S 24,43:2; grand jury ends 3-mo recess; acts to insure greater secrecy, S 26,27:1

SLA PROBE: Ct on the Judiciary ousts Osterman as NYS Claims Ct judge; rules that by refusal to sign immunity waiver he obstructed grand jury inquiry on alleged bribery of SLA official, O 9,1:3; grand jury hears Osterman aides G O'Shaughnessy and M N Thaler, O 10,36:3; ed backs Osterman removal, O 11,36:1

SLA PROBE: NYS Sup Ct dismisses Rager's $4.1-million libel suit against Lefkowitz, O 22, 76:1; ct denies J Golly motion to inspect mins of grand jury which indicted him for perjury in June, O 24,21:1

SLA PROBE: Bklyn Dem leader E Victor charges Moreland Act Comm was set up to divert attention from SLA corruption, comm hearings, NYC, N 2,54:3; Osterman and Epstein revealed to have been indicted for bribery; indictments not pub, N 5,1:5; grand jury hands up sealed indictment on Osterman, N 7,27:3; he surrenders; pleads not guilty; illus, N 8,1:5

SLA PROBE: Dist Atty probes rept that pal figure offered to give Epstein $5,000 bribe to fix '59 license revocation of night club secretly owned by ex-convict, N 23,35:4

SLA PROBE: grand jury probe ends 1st yr, D 3,47:1; Epstein pleads not guilty to 2 indictments for accepting $5,000 bribe from Osterman, '62 on behalf of Bermuda Sales Corp, and failing to pay NYS income tax on bribes amounting to $32,000 in '60, '61; illus, D 6,1:4; grand jury term extended to June 30; NYC ABC Bd investigator A Fishbin refuses to waive immunity to testify, is dismissed, D 10,49:6; Bermuda Sales role in Epstein case detailed; owner H Hartford seeks SLA approval to sell it, D 11,28:3; Hogan says Hartford partner S Alter has 'cooperated completely' in probe; paves way for SLA approval of sale, D 12,15:1; ex-SLA Deputy Comr Licato indicted for accepting bribes from H. Farrell to fix 2 liquor-license cases and for perjury and contempt, D 13,49:3

[From the 1964 New York Times Index]

APPENDIX C

SLA Probe: Mrs. Epstein, wife of indicted ex-SLA chmn, gets 30-day sentence for refusing to answer grand jury questions although granted immunity; illus; execution of sentance stayed until Jan. 27, Ja 14,1:6

SLA PROBE: *Epstein* asks dismissal of bribery charges against him; says evidence was obtained illegally with electronic bug

placed in hosp bed, Ja 21,18:5; Dist Atty's office denies charge, Ja 22,75:2, ex-SLA Deputy Comr A Licato seeks dismissal of perjury and bribery charges claiming grand jury lacked quorum on several times that he testified and that some jurors slept occasionally; Sup Ct justice adjourns hearing, advises Licato to produce more evidence, Ja 23,41:6; SLA revokes liquor license of Harlem tavern Chateau Lounge from whose owner ex-Judge Osterman allegedly took bribe to fix like suspension in '63; Sup Ct justice permits Licato to withdraw not guilty plea to enable him to file demurrer, Ja 30,18:3

SLA PROBE: US Sup Ct bars Osterman a hearing on claim that he was denied protection and due process of law when NYS Ct on Judiciary ousted him, '63 for not cooperating with grand jury, F 18,44:3; NYS Justice Silverman reveals he does not know what a blackjack looks like, hearing on G Reinhardt motion on certain evidence against him; Reinhardt '63 arrest on charges of stealing SLA files revd; blackjack illus, F 29,23:7

SLA PROBE: Mrs. Epstein loses appeal from sentence, Mr 3,39:6; arrest stayed for 1 week, Mr 4,41.2; she testifies illus, Mr 11, 49:4; bill offered at Rockefeller's request, NYS Sen, to give more authority to SLA chmn and make him responsible to Gov. Mr 13,35:1

SLA PROBE: ct reserves decision on Mrs Epstein, permits her to return to Fla; Asst Dist Atty Scotti charges her response to grand jury showed 'complete lack of good faith,' Mr 17,38:1; Legis kills bill to give Gov more authority over SLA, Mr 30,24:7

SLA PROBE: Reinhardt taken to ct, 37th time; trial date set, Ap 1,77:6; Osterman trial opens after Justice Sarafite denies defense motion to suppress evidence of alleged bribery deal, obtained from electronic eavesdropping in Epstein's hosp room in '62; Asst Dist Atty Scotti puts into record Sarafite's '62 order authorizing eavesdropping and affidavit for authorization; disclosures in latter cited, Ap 2,21:3; Scotti charges E M Javits, candidate for Repub nomination for NYS Sen and nephew of Sen Javits, was contact man who put S Alter, mgr of Bermuda Sales Co which was in difficulties with SLA, in touch with atty M Thaler, allegedly Osterman's front in bribery deals; says Javits continued as go-between even after Thaler told him it would cost $25,000; says NYS will prove Osterman agreed to Epstein's demand for $5,000 to fix case; details Osterman's alleged fixing of license cases; Javits declines comment; Osterman jury completed; named, Ap 3.1:2; Javits denies any wrongdoing, news conf; illus; says he will not withdraw as candidate; charges 'misleading' repts on Scotti statements; says he recd no fees, that the sole interest was to help H Hartford, then an owner of Bermuda Sales, Ap 4,1:6; Osterman pleads guilty to 3 counts of conspiracy, ends trial abruptly; admits he offered $5,000 bribe to Epstein which latter agreed to accept; conspiracy counts detailed; Scotti says Javits need not now be called as witness, Ap 7,1:6; Javits denies ever being a party to any bribe attempt or scheme; admits he recommends Thaler to alter; says he thought $25,000 requested by Thaler was his legal fee; speculation on pol repercussions of Javits link to case, Ap 8,32:3

SLA PROBE: Osterman sentenced to 1 yr in prison; 1-yr terms on each of 3 conspiracy counts imposed, but ct directs they be served concurrently, Ap 30,1:8; correction, My 1,33:2; Epstein to be examined on fitness to stand trial, My 5,40:5; My 15,21:2

SLA PROBE: Judge Schweitzer drops contempt charge against Mrs Epstein, cancels 30-day jail term; rules she purged self of contempt by testifying before grand jury, My 16,50:8, ct-apptd dr repts Epstein is too ill to stand trial now, My 29,8:3

SLA PROBE: SLA ex-investigator M L Bernstein pleads guilty to conspiracy to get bribe from Candlelight Lounge, Je 3,37:7; grand jury extended to Nov 30, Je 10,89:8; Mrs Epstein indicted for criminal contempt for refusing to answer proper questions and giving 'conspicuously unbelievable and false' answers; her replies to grand jury Mar session made pub, Je 12,1:8

SLA PROBE: NYS Sup St orders new physical exam for Epstein by Sept. 17, Je 16,34:6

SLA PROBE: recalcitrant witness B Cohen, pres of bar which operated now-defunct Rialto Bar and Grill, agrees to testify after being taken before judge, Jl 10,26:3; Dist Atty Scotti says new indictments may be returned by fall; hopes to try Epstein, Jl 12,72:1

SLA PROBE: Assemblyman Mintz has been questioned by 2 grand juries, Jl 25,20:1

SLA PROBE: trial of R Berger, charged with conspiring to have bribes paid to SLA ex-Chmn Epstein to obtain liquor licenses for Playboy Club and Tenement, opens, NYC; Asst Dist Atty McKenna, while questioning prospective jurors, says that NYS ex-Repub Chmn Morhouse told Playboy Club Officers that license would cost $100,000; Morhouse atty says Morhouse asked money for work as atty for Playbody Club head H M Hefner; ct denies defense motions to suppress evidence resulting from electronic eavesdropping, O 7,1:8; prosecutor, at direction of ct, names Hefner, H W Stiegel, Morhouse and others as possible witnesses who may be co-conspirators; jury selection continues, O 8,1:4; list of people and clubs involved, O 8,38:4; jury completed; McKenna says Morhouse told Playboy Club backers in '61 that he could arrange for license, opening statement; outlines case against Berger, O 9,1:2; correction, O 9,43:1; Playboy Club partner A J Morton says Morhouse in '61 asked $100,000 stock option in Playboy enterprises plus $20,000 yrly legal fee for 5 yrs as price for license, testimony; links Berger to Morhouse; says Berger earlier involved club in $50,000 bribe deal with Epstein; Berger and atty illus, O 10,1:1; Morton excerpts, O 10,16:4; Playboy enterprises described, O 10,16:1; Playboy Club vp R Morton says 'blackmail' not bribery led him and assocs to agree to $50,000 payment to Epstein, '61; says same reason led to agreement to pay $100,000 to Morhouse, O 14,40:1; Playboy treas Preuss testifies on checks made out to Morhouse and Berger; other testimony, O 15,55:1.

SLA PROBE: Berger trial; Preuss testifies; ct rules out testimony on Playboy Clubs' 'bunnies' and owners private parties; Preuss admits payments to Berger were, of necessity, falsely entered into club accts as payments for legal services; says payments for Epstein and Morhouse were blackmail, O 16,77:1; says club officers rejected scheme to give Morhouse benefits of $100,000 stock option in club, which he demanded, without listing him as an owner; says Berger took him and other club execs to Epstein and Morhouse; V Lownes, chief of clubs' Eur operations, says he proposed that 'we ought to blow whistle' when Morhouse demands were discussed by club execs; Berger's alleged demand of $50,000 for Epstein as price for NYC club to get liquor license and clubs' charge that he recd $41,000 revd, O 17,44:1; Tenement Club owner Jacklone testifies he agreed to give Berger and theatrical agent H Steinman, who introduced them, $10,000 for Epstein to get license for his club; illus; says Berger warned him that SLA could cancel his license if he withheld payoff; indictment against Steinman for perjury noted; ct denies application of 2 attys to revoke immunity under which Lownes came from London to testify to enable them to serve him with arrest warrant for non-support of his child, O 20,21:1; ct-apptd physician repts Epstein now has pneumonia, may not be able to stand trial on bribery and other charges, O 21,24:5; Detective Bernhard testifies he trailed Berger from Epstein's hosp bedside to restaurant where he heard Berger tell Jacklone fix was in to get him license; Jacklone notes he had paid $10,000 fee to Epstein's brother-in-law N Roth to get a license, that SLA rejected his application because of his then business assn with W Lassner, and Roth had returned $2,500 to him; admits testifying falsely in 1 detail before grand jury that indicted Berger; admits he pleaded guilty to '51 gambling charge under name of Giaculone, O 22.72:1; jury sees film taken June 29, '62 by 2 detectives outside NY hosp to corroborate their testimony on visits Berger paid Epstein; Berger atty Brill objects to film admission as evidence, O 23,77:6; detectives testify on information obtained by eavesdropping device hidden in Steinman's office revealing his talks with Berger which corroborate Playboy Clubs owners and Jacklone testimony; 3 business cards which Berger reptdly tried to destroy, Dec '62, placed in evidence; contents detailed, O 24,33:2; ct dismisses juror J W Bierhorst, who rejects evidence based on eavesdropping; Brill argues to retain him; alternate juror chosen, O 27,50:7; Brill attacks recordings of talks as being so indistinct that even 2 detectives listening to them could not agree on what they heard; says series of alterations have been made in transcripts; elicits supporting testimony in cross-examining detectives, O 28,38:5; clashes over eavesdropping conversations; Brill's attacks on transcripts accuracy delays playing them for jury; Jacklone recalled for questioning, O 29,32:4; ct lets jury hear tape recordings twice while scanning mimeographed transcripts of them; some phrases clear, others difficult to understand; O 30, 47:5; both sides rest after Brill's unsuccessful move for dismissal of indictment against Berger, O 31,60:5

SLA PROBE: Berger trial; defense and prosecution attys sum up, N 3,24:1; Berger convicted on 2 counts; found to have plotted with Playboy Clubs and Tenement club owners to bribe Epstein to get licenses, N 5,53:2; Dist Atty Hogan to speed more trials; places Berger trial records under intensive study, especially regarding alleged demands by Morhouse; 6 other cases scheduled; ex-Deputy Comr Licato, indicted Dec '63 on charges of taking bribes, perjury and contempt will be 1st tried; ct postpones sentencing of M Bernstein and J Golly who pleaded guilty in license cases, May-June N 6,23:1

SLA PROBE: Epstein trial adjourned to Jan 15 because of his continued illness, N 17,49:3

SLA PROBE: Berger sentenced to 2 concurrent 1-yr jail terms; subpoenaed to appear before grand jury, D 8,33:3; released on bail, D 10,58:5; Licato admits taking 2 bribes totaling $3,500, says he gave money to Epstein; pleads guilty to 3 counts in 10-count indictment; says he recd $5,000 from atty Farrell, '61, to fix case for Classic tavern, accepted $3,500 from him in '62 to fix case for Embassy bar; says he kept no part of money, D 15,1:6

SLA PROBE: Osterman freed from prison for good behavior, D 25,21:1

Moreland Act Comm urges sale of bottled liquor in super mkts, dept store branches, drugstores and other retail shops, NYS, rept to Gov Rockefeller on 1-yr study; urges more pkg stores opened, end to limit in distance between them; holds existing curbs invite SLA and ABC Bds corruption and cause high NYS prices; chmm Walsh says comm doubts revisions will spur consumption, news conf; illus; indus scores proposals, Ja 6,1:7; Legis com chmn Sen Marchi lauds them; Licensed Beverage Indus pres Donovan, Save Our Stores Com chmn Bandel, other indus reprs score them; R H Macy and Gimbel Bros aides favor sales in suburban branches, Ja 6,27:1; Marchi opposes sales outside licensed stores; backed by Sen Mackell, TV; Donovan opposes lifting price controls, TV int; Citizens Union chmn Bergerman comment, Ja 13,19:1

'63 revd; imports up; figures, by types; price rise seen; sales of imported and domestic liquor put at record 261 million gals;

'64 vol of 269 million seen; other data, Ja 6,65:3,4

Donovan says indus is unalterably opposed to proposals to lift curbs on number of pkg stores and end price control, NYS, Ja 16,47:4; Moreland Act Comm calls for repeal of compulsory price maintenance by SLA, final rept to Rockefeller; says competitive mkt will cut prices by about $1 on ½ gal; includes chart comparing retail prices on 18 brands sold in NYS pkg stores with those in 7 other cities; proposes 6-mo transition period after repeal; again denies lower prices will raise consumption; indus scores proposal, Ja 22,1:5; comm names W Golub as special counsel to draft bills embodying changes; Marchi offers legis to create appeals bd within SLA to rev findings and penalties imposed on liquor licenses, Ja 24,15:2; ed backs proposals, urges early enactment, Ja 25,22:5; indus begins drive to prevent changes; Donovan warns of econ chaos, press conf; comm replies, Ja 29,35:8; lr opposes sales in super mkts, Ja 31,26:6

Comment on large '63 imports, Ja 17,66:4

Reply to Jan 31 lr backs Moreland Act Comm proposal that liquor be sold in super mkts, NYS, F 5, 34:5; Sen Zaretzki offers bill to make it illegal for distillers or wholesalers to charge more in NYS than in any other, F 7,33:1; Rockefeller backs Moreland Act Comm proposals in full, special message to Legis released at news conf; illus; urges 'forthright decisions and action'; comm chmn Walsh says it will continue for 1 yr to study enforcement problems, F 11,1:4; ed, F 12,32:1; Save Our Stores Com chmn Bandell says proposals benefit large interests, small businessmen will oppose them, F 11, 35:2; Rockefeller sends Legis omnibus bill calling for sweeping revisions, F 13,16:3; legis to cut prices and end curbs on new pkg store licenses seen doomed at current Legis session, F 14,1:1; State (NYS) Council of Chs enlists support of 5,000 clergymen to fight revisions, F 15,25:1 (for provision on ending food service requirement for bars, see Hotels—US, NYS pars F 13,14,27, Mr 9,12, Ap 15,17,18, My 27, O 3)

Walsh calls for consumer counterattack on liquor indus and prohibitionists lobbies trying to scuttle Rockefeller programs, s, City Club, NYC; City Club trustees bd backs Moreland Act Comm rept, F 18, 44:1; C Grutzner survey of NYS lobbyists tactics and activities, Albany, repts liquor indus reprs will mass to fight bills, have convinced legislators it would not be politically expedient to make revisions in '64; notes indus has no single lobby, that Licensed Beverage Indus is nearest approach to unity, F 19,1:1; outlook for passage of some secs of Rockefeller bill brightens; legis to end price fixing and permit sales in unlicensed stores unlikely; Rockefeller says he supports 'program in total' but will not insist on single bill, news conf, F 19,25:5; ed deplores lobby, F 19,38:2; Sens score Times article charging they have yielded to lobbyists, Sen floor discussion of Grutzner article; Sen Mahoney says Feb 19 ed implies criticism of him and Sen Carlino for breaking omnibus bill into 6 separate ones; defends breakdown; Sen Zaretzki charges ed attempts to intimidate him and influence his actions; backed by Sen Duffy, F 20,1:6; ed gibes at legislators indignation, replies to Zaretzki; lr backs liquor legis reforms, F 22,20:1,4; Marchi queries comm estimate that price-fixing costs consumers $100 million yrly, TV int; says Legis com will hold pub hearings on revisions; Licensed Beverage Indus says study shows retail price maintenance law has not caused price rise, F 24,28:3; SLA ex-Chmn O'Connell lauds State Council of Chs fight against revisions, F 26,39:3; SLA Chmn Hostetter backs entire program prepared by comm, Legis com hearings, Albany; SLA aide W H Morgan scores most proposals; terms NYS liquor law 'model for rest of country'; Council of Chs, liquor dealers and others oppose revisions, F 27,1:4.

NYS Appeals Ct, 4–3, upsets '63 SLA decision, rules tourists may buy untaxed liquor abroad for delivery to homes, F 28,31:4.

NYC suburban teen-agers state preference for hard liquor, poll taken at 'Teens and Alcohol' forum sponsored by Reader's Digest, NYC, F 28,31:5.

Walsh sees NYS Legis adopting many Moreland Act Comm proposals, Mr 2,4:4; Citizens Union chmn Bergerman urges consumers to write Legis members asking lower prices, Mr 5,27:3; Marchi indicates Legis com backs licensing of more pkg stores, opposes liquor sales in new outlets, news conf; Rev S Graf charges State Council of Chs misrepresents views of many Prot clergymen; backs most Rockefeller proposals; comm sends memo to Marchi com to support claim that new legis will cut prices, Mr 6,19:4; Hostetter repts Repub SLA members Comrs Balcon and Doyle back proposal to end moratorium on number of pkg stores and other Rockefeller proposals, lr to Marchi com; holds population rise and shifts require more stores; SLA with 3-to-2 majority can end moratorium without Legis approval, Mr 9,1:1; SLA Comrs Hart and Morgan (Dems) approve ending moratorium but would keep law setting minimum distance between stores, Mr 10,26:1; Marchi repts Legis com proposes removal of price controls on wine only as step toward possibly cutting liquor prices, news conf; says com opposes liquor sales in super mkts and other outlets, would cut minimum distance between stores and let liquor dealers share wholesalers occasional discounts with consumers, Mr 12,1:4; Walsh scores proposed price changes, Mr 12,40:6; wine indus upset by com proposal, Mr 13,35:1; pkg store owners fear wine price war; whiskey distillers and Citizen Union score proposal; Save Our Stores Com seeks contributions for ad drive against it; Amer Wine Assn urges Marchi to reconsider, Mr 14,19:1; Walsh disputes Marchi charge that ending price controls would make NYS dumping ground for cheap liquor; defends comm proposals, Mr 15,54:4.

Distillers circumvent NYS ban on sale of half pints of whiskey by technically converting it into 'liqueur' by adding sugar; 'liqueurs' illus, Mr 5,35:2.

T Irwin article on history, mfr and growing popularity of bourbon; repts yrly consumption at 76.5 million gals, Mr 8,VI,p75.

10 of 41 coll students held, Indianapolis, for under-age drinking, freed for lack of evidence, Mr 14,52:6.

Rockefeller holds Legis should revise liquor laws at this session, press conf; scores Legis com proposals, Mr 17,1:6; ed scores com proposal to lift price controls on wine alone, Mr 19,32:1; Assembly com, in surprise move, votes out, for floor debate proposal to end price controls on liquor, Mr 21,12:4; Rockefeller urges Legis to pass 3 proposals before adjourning, Mr 22,1:6; wages intensive behind-the-scenes battle to get Repubs support; Sen defers action on bill; Rockefeller major concern is bill to end price fixing; Sen Zaretzki sees Dems opposing it, Mr 25,1:2; Sen approves bill to let pkg store owners apply to SLA for permit to sell on credit, Mr 25,45:8; Rockefeller warns Legis, in effect, that its refusal to pass bill will be interpreted as surrender to liquor lobby, special message; statement follows 24-hr effort to get support for program; Repubs and Dems incensed by message; hold he has destroyed any chance for bill's passage; Legis adjournment postponed; Assemblyman Brennan and Sen Ohrenstein score message; Rockefeller's drive followed Repub Sen conf decision to reject his proposals, back Legis com recommendations, Mr 26,1:8; Rockefeller message text, Mr 26,31:7; Assembly defeats all 3 bills overwhelmingly; Legis adjourns; Speaker Carlino and Assemblymen Feinberg were only speakers to support bills; prior to vote Rockefeller denied repts of deal with Bronx Dem leader Buckley; bill's defeat seen major setback for Rockefeller campaign for Pres nomination, Mr 27,1:8; roll-call, Mr 27,25:5; Rockefeller to call special Legis session for Apr 15, press conf, Mr 27,1:6; ed deplores defeat of legis, Mr 27,26:1; Rockefeller seeks to convert Legis defeat into pol asset; his supporters see bill passed at special session, Mr 28,1:6; Rockefeller and Buckley deny deal, Mr 28,8:5; ed sees Pres election link, Mr 28,18:2; Zaretzki sees Rockefeller program defeated at special session; disputes view that defeat of bills was defeat for Rockefeller, Mr 29,35:2; Rev T Conklin credits defeat of bills to NYS Council of Chs active opposition; comments on Zaretzki's claim that it was biggest lobby on issue, Mr 30,25:1; Rockefeller says he will seek accord on bill with Legis leaders before Apr 15, Mr 31,21:2; ed, Mr 31,34:2; Rockefeller issues formal call for Legis to reconvene, Mr 31,37:8; Zaretzki says he will press for his own bill on pricing; Marchi repts Sen passed Legis com bill on promotional discounts but Assembly failed to act on it before adjournment, Mr 31,39:1

Fiscal '63 whisky output 22% below '62; gin and vodka output up, Mr 21,38:3; Alcoholic Beverage Importers Assn repts '63 imports up to $337 million, $19 million above '62; notes growth rate slower than in '62; breakdown on imports and sources, Mr 29,III, 5:1

Fed Maritime Comm to probe freight rates of 4 ss confs and 3 ind lines after repts of discriminatory prices, Ap 1,77:7

Save Our Stores Com chmn L Bandell and R Campanella Jr scores Rockefeller's proposed legis, Ap 2,32:6; lr backs legis, Ap 3, 32:6; its defeat discussed; passage in special Legis session seen unlikely, Ap 5,IV,6:1; Marchi optimistic on program acceptable to all pol parties, Ap 8,69:1; ed hopes Rockefeller will not accept compromise, Ap 10,34:2; Carlino confs with Rockefeller; says amt of support Rockefeller can expect is uncertain; Citizens Com for Liquor Law Reform, to which Rockefeller has contributed, appeals for funds to pay for 'telecasts' and other activities to revise laws; Marchi hopeful on compromise; Sen Mackell less optimistic; Zaretzki says he is 'unalterably opposed to Gov's plan,' Ap 11,1:7; Rockefeller urges pub to demand Legis pass 3-point reform bill, TV s; holds current laws spur vice and corruption, 'fleece' pub out of $150 million yrly; Carlino lauds appeal; Distilled Spirits Inst pres Coyne disputes Rockefeller claims; Save Our Stores Com files complaint with FCC against 2 radio stations that refused to accept its paid reply to telecast; charges Rockefeller with 'deceitfully' paying for his time through Citizens Com for Liquor Reform; Rockefeller's aide explains payment arrangement; Zaretzki comment, Ap 12,1:5; Rockefeller text, Ap 12,82:2; Repub Legis leaders cautiously optimistic; Rockefeller adm drafts bill retaining substance of defeated bills but different enough to be enacted; Sen Mahoney confs with Rockefeller; he and Carlino optimistic, Zaretzki pessimistic on bill's passage, radio and TV ints, Ap 13,1:2; ed backs Rockefeller's appeal, Ap 13,28:1; Rockefeller confs with Repub legis leaders on compromise legis, Ap 14,41:6; compromise plan detailed; major change includes, in essence, price proposal urged by Zaretzki; State Council of Chs proposes changes making program more acceptable, Ap 15,1:5; ed deplores Rockefeller's failure to broaden agenda of special session; backs reforms but urges SLA set up clearer criteria on licensing stores, Ap 15, 38:1; Coyne urges Legis to veto new proposals, TV int, Ap 15,44:8

Distilled Spirits Inst repts rise in consumption on gallonage and per capita basis, '63; Calif leads in amt, DC in per capita use; chart traces rise, '54–63, Ap 2,43:3

Special NYS Legis session convenes; Carlino repts 60 Repub Assemblymen indicate willingness to support compromise bill if ban on price ad is included; Sen Repubs conf; rept price ad major issue; Rockefeller

and Legis leaders agree to exclude wines from bill, Ap 16,1:8; bill passed with aid of Dem votes; signed; calls for end to price-fixing with requirement that distillers and wholesalers sell at prices at least as low as elsewhere in US, bans ad prices, ends distance requirement between pkg stores; other revisions; Rockefeller again denies Dem support stemmed from deal with Buckley, news conf; hails bill's passage; NYS Publishers Assn urged defeat of ban on ad prices, Ap 17,1:8; speculation on effect of bill's passage on Rockefeller's pol role, Ap 17,1:7; store owners link bill's passage to alleged deal; Marchi and Mahoney laud bill; rollcall, Ap 17,16:5,6; ed scores bill as surrender by Rockefeller, Ap 17,34:1; Distilled Spirits Inst and Licensed Beverage Industries weigh ct challenge to const of provision on selling at prices as low as elsewhere in US; note Kan law with like provision has been enjoined by distillers suit for nearly 2 yrs; Finger Lakes Wine Growers Assn criticizes exemption of wines from new law; State Council of Chs criticizes bill; SLA Chmn Hostetter weighs implementation problems; Sen Ohrenstein disclosures on Rockefeller's dependence upon votes of Bronx Dems to get bill passed gives further credence to reptd deal, Ap 18, 1:1; Rockefeller claims major victory for 'people of NY,' ss, Oregon; credits Repub legislators, Ap 18,15:6; repeal of price fixing expected to spark like moves in other states; some pol leaders comment; store owners score Rockefeller on retail prices cut, Ap 18,34:2,4; SLA to delay licensing additional outlets in move to protect established pkg stores, Ap 22,49:8; lr criticizes reforms, Ap 24,32:5; Rockefeller signs slate-voting bill that led to repts of Buckley deal, Ap 26,47:1; F J Lind warns new laws may be copied by other states with 'disastrous results' to many pkg stores, Liquor Stores Assn conv; criticizes Save Our Stores Com position on prices; M Sheen urges indus fight to change laws, s, NYC, Ap 28,40:6; indus leaders differ on means of becoming more influential in NYS Legis, Liquor Stores Assn conv; L Bandell says Save Our Stores Com will retaliate against those legislators who 'ran out on us' during fight on new legis; Westchester Retail Liquor Dealers repr S Friedman says his group will back those who acted in good faith, Ap 29,65:1.

'63 Scotch whiskey bulk imports up sharply; importers see indus gains; comment, Ap 19,111,1:1

NYS bill to require SLA to hold pub hearings before changing rules and give liquor assns 10 days notice of hearing vetoed, Ap 21,25:1; NYS bill calling for yrly renewal of liquor licenses vetoed, Ap 22,41:3

Calhoun County, Mich, judge dismisses $1-million libel suit against Battle Creek Enquirer & News, editor and aide brought by Comr Wilklow and 3 excomrs charging newspaper defamed them in series of articles criticizing Battle Creek liquor policy; cites Sup Ct decision in NY Times v Sullivan case, Ap 26,65:4

NY SLA to screen license applicants more thoroughly than ever to bar undesirable elements from indus, annual rept, Ap 29,65:1,2

Marchi repts Legis com to probe if lobbying on recent bill involved bribe offers or threats of pol reprisals, My 5,38:4; major distillers notify NYS retailers they will try to enforce minimum retail prices when SLA controls end; Schenley Distillers and '21' Brands assurances cited; distillers will act under Feld-Crawford Fair-Trade Act, negate intent of new law, My 9,1:6; survey shows NJ retailers pay up to $110,000 for liquor license with face value of $500–600; system under which each municipality issues and renews licenses and sets fees described, My 11,1:2; Shawnee County Kan, ct rules that state's '61 law requiring distillers to sell to Kan distributors at prices no higher than lowest charged elsewhere is unconst, suit brought by 35 distillers; holds proviso is interference by state in interstate commerce, My 12,30:5

Meth Ch Gen Conf reaffirms abstinence rule, My 6,26:6; Natl Sciences Acad-Natl Research Council unit notes avg Amer consumes 76 calories of alcohol daily, My 7,39–8

More land Act Comm completes formal inquiry on NYS laws begun in '63; Walsh comments, My 24, 92:1; NYS lobbyists rept $8,482 spent to influence regular and special sessions of '64 Legis; data filed with State Sec, My 28, 74:8

US Sup Ct, 6–2, holds no state may prohibit sale of untaxed liquor to airline passengers leaving on overseas flights, rejects NY SLA regulatory claims over sale at Kennedy International Airport, Bon Voyage Liquor Corp case, Je 2,1:6; Atty Gen Lefkowitz comments, Je 2,42:3; comment, Je 7,IV,4:1

Palo Alto, Calif, repeals prohibition, Je 4,16:7

NYC may ban consumption at pub beaches to cut summer rowdyism; Councilman Santucci will offer Adm Code amendment to bar consumption on beaches or sts by anyone under 18, Je 6,1:1 (see also Crime—NYC Je 6,1 3 in Je 3 par, Jl 8 par, Jl 29, N 6)

GB claims $35-million-a-yr loss from US system of taxing 86 proof Scotch whiskey on basis of 100 proof, GATT subcom, Je 25,50:8

V Fischel & Co signs accords with NY retailers to maintain prices when controls end; others plan like accords, Jl 2,28:4; NYS Sup Ct temporarily enjoins SLA from enforcing certain provisions of new law after 2 Queens retailers challenge its const; Save Our Stores Com chmn Bandell comments, Jl 10,26:7

Rutgers U sociologists study drinking habits and attitudes of 2 suburban NJ communities; Dr H Fallding dir, Jl 18,21:1; B Lang on ten-agers drinking habits, Jl 19,Vl, p47; Sen Dirksen offers legis to designate youth temperance educ wk, Apr, Jl 21,14:3

Queens store owners challenge new legis, NYS Sup Ct; claim changes offer leeway for corruption; attack provisions on distance requirements and more licenses, Jl 25,21:1

Teamsters temporarily bars deliveries to Harlem NYC, and Bedford-Stuyvesant sec, Bklyn, scenes of race riots, to protect drivers, Jl 28,1:4; SLA bans sale in Rochester, Jl 28, 14:1; Jl 29,1:1; ban lifted, NYC, Jl 29,40:1; Rochester, Jl 30,12:1

Lr on Lang July 19 article on teen-age drinking, Ag 2,Vl,p2

NYS Sup Ct Justice Cooke rules against 2 Queens liquor store owners, upholds legis changes, Ag 4,31:6

SLA to issue up to 2,000 new pkg-store licenses a yr beginning Dec 1, NYS; Chmn Hostetter details plans for relocating estab dealers and issuing more licenses, Ag 7,1:4; admits some resulting hardships but notes dealers may apply to change locations anywhere in state; says only requirements for license will be good character and financial responsibility; reaction, Ag 8,45:1

Lrs on Lang July 19 article on teen-age drinking, Ag 16,Vl,p2

Teamsters local lifts ban on deliveries to Harlem and Bedford-Stuyvesant sec imposed during July race riots, Ag 18,63:4; Gov Scranton bans liquor sales in N Phila Negro neighborhood, scene of rioting, Ag 30,76:2

NYS Repub Sens charge SLA plan to issue 2,000 new licenses violates 'understanding' with Legis; Mahoney cites Hostetter pledge to issue licenses in 'orderly' manner on basis of pub convenience and need, S 10,39:1; SLA approves 43 store site changes, S 11,23:2

[From the 1965 New York Times Index]

APPENDIX C

SLA PROBE: ex-SLA investigator M L Bernstein sentenced for conspiracy to get bribe from bar owner, Ja 30,56:4

SLA PROBE: ex-SLA deputy comr Licato gets 1-yr sentence for '64 conviction for taking bribes to fix licenses; R Berger, convicted in '64 for conspiracy to bribe M Epstein, refuses to answer grand jury queries on pact with Epstein and L Morhouse on money recd from Playboy Club in '61 because appeal is pending, F 5,38:1; ct directs him to answer, F 11,26:7

SLA PROBE: Berger sentenced to 30 days in jail for contempt of grand jury, F 24,33:1

SLA PROBE: L J Morhouse indicted, NYS Sup Ct, for bribery and conspiracy to bribe then SLA chmn Epstein to approve Playboy Club's license; pleads innocent; case revd, D 8,1:5 NY County Dist Atty Hogan lauds Asst Dist Attys Scotti and Goldstein for roles, D 12,68:5

SLA PROBE: Asst Dist Atty Scotti lr to Comr DiCarlo lauds Playboy Club's execs role in probe, D 23,29:2

[From the 1966 New York Times Index]

APPENDIX C

SLA PROBE: L J Morhouse on trial for bribery and conspiracy, NYS Sup Ct; Playboy Clubs Internatl exec vp Morton says Morhouse asked $100,000 and other payments for himself at NYC meeting with Morton and go-between R Berger, after Playboy agreed to pay then SLA Chmn Epstein $50,000 bribe for NYC club liquor license, My 4,30:3; prosecution notes atty H D Siegel, indicted for conspiring to bribe SLA officials, still practices before SLA; Chmn Hostetter comments, My 4,30:1; Morton says Morhouse insisted checks be from HMH Publishing; $10,000 HMH check to Morhouse put into evidence, My 5,41:2; Berger says Epstein said he had earlier deals with Morhouse and Morhouse knew about bribe; repts M Korshak, now Illinois official, helped him get $5,000 payment from Playboy, My 6,33:3; Playboy and HMH official R Preuss testifies, My 7,32:5; admits he has no direct knowledge that Morhouse knew about Epstein bribe; atty H Hayes is granted immunity from prosecution, says NYS Thruway Auth Chmn Bixby wrote final draft of Morhouse Dec '62 lr to Playboy owner H M Hefner denying he got fee from NY club; Bixby denies charge, int, My 10,28:3; state rests, My 11,17:1; Morhouse declines to testify, My 12,89:4.

SLA PROBE: Morhouse bribery and conspiracy trial; defense summation calls Morhouse action improper but not illegal, My 17,35:2; Asst Dist Atty Scotti summation, My 18,43:1; jury deliberating, My 20,51:5; Morhouse convicted on 2 counts in Epstein bribery, acquitted of conspiracy; illus, My 21,1:2.

SLA PROBE: Morhouse gets 2 concurrent 2–3-yr jail terms for bribing SLA ex-Chmn Epstein to get license for NYC Playboy club; Scotti, in urging heavy sentence, cites for 1st time other alleged cases of Morhouse selling his pol influence; Morhouse seeks bail pending appeal; is remanded, Je 16,1:5; Sen Javits, T E Dewey, NYS Repub Chmn Spad, county Chmn Albano and many more wrote to Justice Gellinoff lauding Morhouse prior to sentencing; Rockefeller's sec W J Ronan reptdly sent lr with Gov's knowledge; his aide denies rept; Dist Atty's office comments, Je 17,46:1; Rockefeller aide admits Ronan wrote lr urging leniency, Je 18,26:8; Morhouse released in own custody; testimony of accomplices deemed insufficient to support conviction, adequacy of nonaccomplice evidence challenged, Je 22,41:4.

SLA PROBE: NYS Appeals Ct, 5–2, upholds Berger bribery conviction in Playboy Club license case; Chief Judge Desmond and Judge Fuld dissent cites unconst use of electronic eavesdropping, Jl 8,39:7; Dem candidate for gov nomination E H Nickerson charges Rockefeller "tolerated scandalous situation," TV int; says it was 'gen knowledge' that person seeking license had to go to "repub-oriented" atty; cities Morhouse case, Jl 11,23:3; former NYC ABC Bd investigator S Appel, who was fired in '63 for refusing to

waive immunity before grand jury, indicted for perjury and criminal contempt, NY; allegedly impeded jury probe of $4,500 bribe sought to get license for Harlem bowling alley; arrested, Rockville, Md; free on bail pending extradition, J1 15,12:1.

SLA PROBE: NYS Sup Ct strikes Morhouse name from state attys role because of conviction, S 1,7:5.

SLA PROBE: scandal recalled in light of Liberal party Gov candidate Roosevelt charge choice of next SLA chmn was Kings County Repub Chmn Crews's price for his support for Rockefeller's '58 Gov nomination, O 14, 1:5; politicians reptdly expected scandal to be used against Rockefeller; Rockefeller discusses some aspects of it, O 15,15:5.

SLA PROBE: NYS Dem Chmn Burns demands Rockefeller break 4-yr silence on scandal; Repub Chmn Spad replies, O 23,87:4; Dem Gov candidate O'Connor attacks Rockefeller on scandal, ties with Morhouse, O 27, 53:4; SLA Chmn Hostetter confirms rept that Dist Atty Hentel probes $5,000 shakedown attempt of Queens license seeker allegedly involving SLA official, NYC judge and politicians; notes SLA participated in probe from earliest stages; Rockefeller says he briefly discussed probe at conf 2 or 2 mos ago with Hentel and Atty Gen Lefkowitz; pol implications for coming election noted; Liberal Atty Gen candidate Golar notes "peculiar" Repub party ties to SLA; O'Connor declines comment, scores Hentel for allowing news leaks, O 31,28:2.

SLA PROBE: J. Brodsky arrested for July plot to shake down 3 seeking license for Imperial Inn, NYC; Hentel says he reptd involvement of at least 1 judge to Presiding Justice Beldock; denies SLA or ABC Bd member involved; says NY News premature disclosure of case hampered probe; pol implications discussed; O'Connor, Sedita statements attacking Rockefeller and Lefkowitz noted, N 1, 1:2; Brodsky arraigned; pleads not guilty; R Lansperg, 1 of license applicants, says C Morales, after 1st unsuccessful shakedown attempt, arranged meeting for him with Brodsky; says he informed police, recorded 3 talks in which Brodsky claimed he had ties with someone in SLA, agreed on $3,500 bribe; says no SLA official appeared at last meeting; Hentel continues probe, N 2,28:5; O'Connor attacks Rockefeller for '2d SLA scandal' of his adm; asks Hentel join him in urging SIC probe; Rockefeller to ask probe; says NYC judge and apparently some Legis members are involved, N 2,31:3; replies to O'Connor's alleged pol use of case, news conf; orders SIC probe; says Dem judge who was SLA member and 3 Dem members of Legis are involved; denies SLA is implicated; SIC Chmn Grumet confs with Hentel; Beldock says he has not recd Hentel rept; Hentel sets conf with him; O'Connor attacks Rockefeller on liquor scandals; Dem Dist Atty candidate Mackell charges Hentel tried to hide scandal until after election to protect Rockefeller, N 3,1:1; Grumet questions witness at Beldock; Beldock sets ct probe, says only 1 Hentels office; illus; with Hentel, confs with judge is involved; F M Reuss Jr, atty for applicants, says 3 judges are involved, N 4, 1:1; NYC Criminal Ct Judge Schor and Brodsky indicted for roles in shakedown after grand jury hears Schor, SLA investigating supervisor S Balsam, Morales, Landsperg, others; Schor claims innocence; Balsam reptdly claims Schor sent him to Brodsky's used-car lot, later asked him whether anything was delaying inns license; Hentel denies pol, news conf; his unusual procedure in ordering Brodsky's arrest before grand jury probe ends discussed; Grumet, Beldock set probes, N 5,1:8; Schor booked, released; Grumet holds legislators may not be involved, N 6,48:1; Schor relieved of ct duties pending judicial probe; Beldock comments, N 8,30:1; Grumet says latest events have changed SIC plans; holds it would be unfair to call Schor, Brodsky, as witnesses; says probe will not cover '62–63 scandals, N 9,78:2; Hentel, defeated in election, plans to complete probe, N 10,37:3; Schor's atty holds he asked about license for Brodsky, did not know about plot, NYS Sup Ct; asks to see grand jury minutes, N 15,40:1

SLA PROBE: comment on recent scandals notes opportunities for graft remain despite Rockefeller reform program, Hostetter changes in SLA procedures, N 20,IV,4:1; NYS Sup Ct, in unusual move, gives Judge Schor right to inspect grand jury minutes; Brodsky atty denied direct access to them but may see Schor's atty copy; hearing on move to dismiss both indictments set; Justice Shapiro explains move, int, N 24,87:4

SLA PROBE: Justice Shapiro holds Schor Nov 4 testimony to grand jury evasive, hearing on motion to dismiss indictments against Schor and Brodsky; criticizes Hentel office failure to tell jury that part of evidence was obtained through legal wiretaps, D 1,48:1; US Sup Ct to rev const of NYS law permitting use of eavesdropping equipment without ct approval, case of R Berger, convicted of bribery in Playboy Club case, '64, D 6,40:6; Appellate Div orders probe to determine if Schor should be removed from bench; names Prof S A Klein to conduct it; directs Klein to 'arrange' with Judge Murtagh for relieving of Schor, opening way for Murtagh to suspend Schor's salary, D 7,42:4; Schor files for retirement, D 13,60:1; Justice Shapiro dismisses indictment against Schor for "insufficient evidence' although he believes Schor committed 'transparent perjury' before grand jury; orders jury mins submitted to Appellate Div; Appellate Div repr says judicial disciplinary probe will continue regardless of Schor's retirement status, D 14,1:1; ed, D 14,46:1

SLA PROBE: atty H W Farrell disbarred, Appellate Div, for twice bribing former SLA deputy comr A DeF Licato, '61, '62, D 30,50:8

Vietnam, South

US Govt cuts ration of pkgd liquor that US mil and civilian personnel can buy, Je 17,3:2

M C Hall (US) charges US Army plans to cut off missionaries from Army postal privileges after Sept 1 on econ grounds while continuing to ship liquor for troops, lr to Repr Broomfield; urges ruling be reversed, Ag 2,2:3

WCTU pres Tooze charges US ships huge amts to US soldiers, S 9,43:1; Defense Dept repts monthly shipments of 128,000 bottles, less than ½ bottle per man, S 10,2:7

[APPENDIX D]

[From the New York Times, May 4, 1966]

INDICTED LAWYER KEEPS S.L.A. ROLE

(By Sidney E. Zion)

Hyman D. Siegel, the former law associate of Attorney General Louis J. Lefkowitz who was indicted three years ago for conspiring to bribe officials of the State Liquor Authority, has continued to represent clients before the authority.

He was mentioned yesterday by the prosecution in the bribery-conspiracy trial of L. Judson Morhouse as the lawyer who first sought a liquor license for the Playboy Club. It was alleged that Martin C. Epstein, then chairman of the authority, suggested that Mr. Siegel be retained by the Playboy Club. However, the lawyer later withdrew from the case and returned a $5,000 fee to his client.

Mr. Siegel, who according to the authority's records made his most recent appearance on March 31, 1966, has not yet been tried on the bribe charges.

A preliminary motion in an attempt to learn whether eavesdropping devices were used against him has been tied up in the courts. Recently the New York Court of Appeals, in a 4–3 decision, ruled that the District Attorney did not have to reveal such information at this stage in the case. Mr. Siegel has asked the United States Supreme Court to review that ruling.

"NOTHING CAN BE DONE"

Donald S. Hostetter, the chairman of the S. L. A., said recently that "nothing can be done" to bar indicted lawyers from practicing before the authority. He said that because of his concern about the problem he had asked the ethics committee of the Association of the Bar of the City of New York in early 1964 for an opinion on the matter.

"The Bar Association agreed that there was no easy solution," he said, "and they conceded that it posed a problem, but they had said there was no way to keep a lawyer who had been charged with corrupting our people from practicing before us in the absence of a conviction or unless we were prepared to refer specific charges to the grievance committee of the bar."

Mr. Hostetter said he had no charges to make against Mr. Siegel or "anyone else involved in similar ways," since the case was entirely in the hands of the District Attorney.

The office of Mr. Siegel said he would have no comment on the situation.

SCANDAL BROKE IN 1962

Mr. Siegel was one of the busiest liquor lawyers in New York when the S. L. A. scandal broke in 1962. He was associated in a law practice with Mr. Lefkowitz for 27 years until 1957, when Mr. Lefkowitz became State Attorney General.

A cursory examination of the lawyers register at the authority indicates that Mr. Siegel resumed his practice there on Aug. 23, 1963, some three months after his indictment. He has represented a number of clients since then although apparently not as many as in the past.

One client that Mr. Seigel has continued to represent is the Hershey Bar and Grill, at 245 Bowery, a concern named in the indictment. The grand jury charged that Mr. Siegel had tried to influence an S. L. A. official's action in the disposition of a violation against the bar.

On June 17, 1964, Mr. Seigel represented the Hershey Bar and Grill in an application for a "corporate change."

[APPENDIX E]

[From the New York Times, Oct. 14, 1966]

ROOSEVELT LINKS GOVERNOR TO DEAL

(By Richard Witkin)

Franklin D. Roosevelt Jr charged last night that Governor Rockefeller's first nomination, in 1958, was produced by the same sort of boss deal he has accused the Democrats of making in this year's nomination of Frank D. O'Connor.

Mr. Roosevelt, the Liberal party's candidate for Governor, said the 1958 arrangement was worked out by L. Judson Morhouse, then Republican state chairman and recently convicted in a bribery scandal, and John R. Crews, the party's Brooklyn leader.

Mr. Morhouse won Mr. Crews over to the Rockefeller camp, Mr. Roosevelt contended, in return for the promise that Mr. Crews could name the next chairman of the State Liquor Authority.

ALLEGATION DISCOUNTED

An aide to the Governor, informed of Mr. Roosevelt's charge last evening, said: "That wasn't the way I remember it. As I recall, John Crews had to run to get on the bandwagon."

In any case, on Mr. Crews' recommendation Governor Rockefeller made Martin C. Epstein the next S.L.A. chairman. This was in September, 1960, after the Democrat who had been chairman was given a judgeship.

Mr. Rockefeller named Mr. Epstein a commissioner on Feb. 25, 1959, two months after taking office. He said at the time that he would make him the chairman "at the earliest opportunity."

Mr. Rockefeller summarily removed Mr. Epstein from office in November, 1962, when the latter refused to waive immunity before a grand jury investigating graft charges against the S.L.A. An indictment is pending against Mr. Epstein, but he is seriously ill in Florida and is not expected to be called to trial.

Mr. Morhouse has been sentenced to two to three years in prison in the bribery case. However, his sentence has been stayed pending an appeal.

Attempts to reach Mr. Morhouse by phone at his home in Ticonderoga, N.Y., proved fruitless last night. Nor was there any reply at Mr. Crews' home in Brooklyn.

The charge Mr. Roosevelt has repeatedly leveled against Mr. O'Connor is that he sewed up this year's nomination in a deal with party leaders in July, 1965.

Specifically Mr. Roosevelt contends that Mr. O'Connor agreed to pull out of the mayoral race in return for the promise of Charles A. Buckley, the Democratic leader in the Bronx, and Stanley Steingut, the Brooklyn leader, to back him for Governor.

Mr. Roosevelt attacked both his opponents for the alleged deals in a speech last night before the Liberals' annual dinner in the Americana Hotel.

It was by all odds the major effort of his campaign so far. What was particularly noteworthy was that Mr. Rockefeller came in for as severe treatment as Mr. O'Connor has been getting from Mr. Roosevelt all along.

This seemed designed to meet two objectives:

To counter Democratic charges that Mr. Roosevelt, a life-long Democrat, was serving to spoil his own party's chances.

To show he meant it when he said he was in the race to win and would therefore have to train his fire on both his major opponents.

Recent polls have shown that Mr. Roosevelt has made a greater impact than most politicians initially predicted. He is said to be pulling between 15 and 17 per cent of the votes, and he thinks his momentum can carry him to victory.

Mr. Roosevelt, who had dined at the Alfred E. Smith dinner, arrived at his own affair to respectful applause after the dessert was almost finished and just before the speech-making.

But later, his speech—delivered in booming, confident tones—fired up his listeners.

The other highlight of the speech-making was a call to victory by David Dubinsky, the first vice chairman of the party.

He received his biggest applause when he conveyed an encouraging message from Louis Stulberg, who succeeded him in June as head of the International Ladies Garment Workers Union.

Mr. Stulberg, also a party vice chairman, had refused to join the majority on the party's policy committee in voting to nominate Mr. Roosevelt, as had his assistant president, Gus Tyler.

There had been deep fears that the split might seriously damage the Liberal campaign, particularly if the union did not come through with its usual sizable campaign contribution.

But Mr. Dubinsky said that Mr. Stulberg, who was in Miami, "wishes me to advise you that the I.L.G.W.U. is providing its traditional moral and financial support of the party this year and that he is confident—and so am I—that the union will continue this support in the future."

Mr. Roosevelt made his allegation of a 1958 Republican deal in these words:

"Rockefeller, before the 1958 Republican State Convention, had many of the upstate counties but not one of the big New York City delegations. Morhouse went to the Republican leader in Brooklyn, John R. Crews, and made a deal.

"In return for the support of Crews and the Republican Brooklyn delegation for Rockefeller, Morhouse pledged that Crews could name the chairman of the State Liquor Authority. . . . With the Brooklyn delegation committed, Rockefeller's nomination was in the bag."

Mr. Morhouse, the Liberal candidate noted, managed the successful Rockefeller campaigns in both 1958 and 1962.

"The issue in this campaign," Mr. Roosevelt said, "is . . . bossism—bossism in the real meaning of that term.

"When we talk abut bossism, we do not mean simply Buckley and Steingut and Morhouse but also that sinister coalition of political lawyers; businessmen who do business with the city and state; the influence peddlers, and the clubhouse loafers who are in politics to make money."

Mr. Roosevelt named names in both major parties. On the Democratic side, he listed a number of men who, he said, did business with the city or state and signed bank loans to help finance the 1965 mayoral race of Abraham D. Beame, then Controller.

On the Republican side, Mr. Roosevelt mentioned, in addition to Mr. Morhouse and Mr. Epstein, former State Senator MacNeil Mitchell, co-author of the Mitchell-Lama Housing Act.

He charged Mr. Mitchell's law firm had "received almost $500,000 in fees for helping to organize housing projects under the Mitchell-Lama law."

"Illegal?" he asked. "Evidently not. Corruptive of the public interest? Clearly yes."

In concluding his hard-hitting speech, Mr. Roosevelt said:

"That's what this election is about. It is about a basic concept of government, a concept that believes that good government must be equated with common decency and social responsibility to the people—and to no one else."

[From the New York Times, Oct. 15, 1966]

GOVERNOR DISDAINS CHARGES OF A DEAL

(By Richard Witkin)

Governor Rockefeller refused yesterday to "dignify" with an answer a charge by Franklin D. Roosevelt Jr. that the Governor's nomination in 1958 had resulted from a "deal" engineered by political bosses.

But the Republican state chairman, Carl Spad, issued an unqualified denial.

Six times, during a morning of campaigning, Mr. Rockefeller was asked whether there was any truth to the charge. Six times he refused to say "yes" or "no," sounding the "I refuse to dignify" theme in one form or another.

Mr. Roosevelt, running for Governor on the Liberal party ticket, charged Thursday night that Mr. Rockefeller's nomination was locked up by a "deal" worked out between L. Judson Morhouse, then the Republican state chairman and John R. Crews, the Republican leader in Brooklyn.

Mr. Morhouse was said to have won Mr. Crews' support of the Rockefeller candidacy in return for a promise that he could name the next chairman of the State Liquor Authority.

Leaving the denial of the charge to Mr. Spad, Mr. Rockefeller took a positive tack yesterday by making his most optimistic assessment to date of his chances for re-election. He called the campaign as "a battle that can be won," but he made clear that he thought the decision would be terribly close.

Mr. Spad, in denying the Roosevelt charge, said:

"Governor Rockefeller was elected in 1958 and 1962 by the votes of more than three million New Yorkers. He did not then, and does not now, owe political debts to anyone. His public life has been a career of service and action for the people. He has neither needed, sought, nor benefited from any 'deals' in seeking to serve the people in an office of high trust and responsibility.

"Mr. Roosevelt is obviously trying to rewrite political history in digging for deals outside the fertile ground of his own party, from which he has taken a walk only because the bosses rejected his courtship and chose another."

CHARGED O'CONNOR "DEAL"

Mr. Roosevelt, a life-long Democrat, abandoned his effort to win the Democratic nomination on Aug. 25. His explanation was that the nomination had been locked up for Frank D. O'Connor by a 1965 "deal" much like the one he has now ascribed to the 1958 Rockefeller team.

The specific Roosevelt charge—that Mr. Morhouse made a deal with Mr. Crews in 1958 to allow the latter to name the next S.L.A. chairman—may not have been expected. But it was no surprise to politicians that the S.L.A. scandal in general was brought up in the campaign against Mr. Rockefeller.

Mr. Crews did eventually recommend a man to become the S.L.A. chairman, and Mr. Rockefeller adopted the recommendation. The man was Martin C. Epstein. In November, 1962, Mr. Rockefeller had to remove Mr. Epstein summarily when the latter refused to waive immunity before a grand jury that was looking into graft charges against the liquor authority.

Mr. Epstein was ultimately indicted, but he is not expected to be tried because he is seriously ill. Mr. Morhouse received a two-to-three year sentence on bribery charges. He has appealed, and the sentence has been stayed pending the appeal.

WON'T "DIGNIFY THEM"

The first questioning of Mr. Rockefeller on the "deal" charge came at the studios of WCBS, where he went early in the day to tape a broadcast for Sunday.

His immediate response was to note that there were many issues facing the voters and that he had been trying vainly to persuade his opponents to discuss them. As his questioner started to prod him for a direct reply, he said:

"Frankly, I just can't even dignify them [the charges] with an answer."

He parried the issue in similar fashion one more time, then drove downtown to address a state committee on crime. Later, he went across the hall for another news conference, facing a battery of microphones planted in the middle of a large wood-paneled reception room.

The Roosevelt charge was brought up at once. He again refused to dignify it with an answer, terming it a "diversionary tactic" to avoid facing the issues.

"Governor," a newsman asked, "is your refusal to dignify with an answer Mr. Roosevelt's statement that Mr. Morhouse made a deal with Mr. Crews tantamount to saying that it is not true?"

"I have just said that I will not dignify this with an answer," Mr. Rockefeller replied.

"Is it true?" the questioner persisted.

"I have just said that I am not going to dignify this with an answer," Mr. Rockefeller replied once more.

REFERS TO "TRAGEDY"

The Governor was quite willing to discuss some aspects of the S.L.A. scandal. Referring to Mr. Morhouse and Mr. Epstein, he said it was "a tragedy" that "some people have human weaknesses."

He said that he had appointed 10,000 people since becoming Governor and that, of those, "there may be about one-half dozen who have become involved in questionable

situations, and I have dismissed them immediately."

He said he had expected the S.L.A. scandal "to be raised from the beginning of the campaign."

But he stuck to his refusal to make any comment on the truth or falsity of the Roosevelt charge.

Mr. Roosevelt, for his part, repeated the charge in speaking to a sidewalk crowd during a walking tour at Rockefeller Center. He said the Governor had "allowed this kind of corruption to creep into the government" because he was too busy using his office as "a stepping stone for his own ambitions."

The Liberal candidate pledged that, if he is elected, anyone having business to do with the state would be treated fairly, "provided everything is on top of the table."

[From the New York Times, Oct. 16, 1966]

ROCKEFELLER DENIES CHARGES OF A DEAL, ATTACKS ROOSEVELT

(By John Sibley)

Governor Rockefeller emphatically denied yesterday that his nomination in 1958 had been engineered in a backroom deal between party bosses.

"Of course, the charge is an absurdity, completely unfounded," the Governor declared.

The accusation, was made Thursday night by Franklin D. Roosevelt Jr., who is running for Governor on the Liberal party ticket. Mr. Roosevelt said that L. Judson Morhouse, then the Republican state chairman, had made the deal with John R. Crews, the Brooklyn leader.

According to Mr. Roosevelt, Mr. Morhouse bought Mr. Crews' support for Mr. Rockefeller by promising that the Brooklyn leader could name the next chairman of the State Liquor Authority.

HE ANSWERS ROOSEVELT

For a day, the Governor maintained a posture of aloofness to the charge. When newsmen asked for the sixth time Friday for a reply to Mr. Roosevelt, Mr. Rockefeller had said: "I have just said I will not dignify this with an answer."

But yesterday, he lashed back with an unqualified denial. Speaking of Mr. Roosevelt, the Governor said:

"If he wants to campaign from the gutter, that's a decision he'll have to make himself. We're in the last three weeks of the campaign now, and I suppose we'll be getting more of this."

Mr. Rockefeller added: "I think the people want to hear the issues intelligently, honestly and forthrightly discussed. It's an insult to their intelligence."

Regardless of Mr. Roosevelt's charge of a deal, Mr. Crews did recommend a man to become chairman of the S.L.A., and Mr. Rockefeller, soon after becoming Governor, made the appointment. The man was Martin C. Epstein.

In November, 1962, Governor Rockefeller removed Mr. Epstein summarily when the chairman refused to waive immunity before a grand jury that was investigating alleged bribery and corruption within the authority.

Mr. Epstein was indicted, but has not been tried because of illness. Mr. Morhouse has been convicted on bribery charges in a related case, but sentence has been stayed pending appeal.

Thus in the last few days, the Governor also has become a target of "bossism" charges by Mr. Roosevelt, who fired such charges early in the campaign at the Democratic candidate, Frank D. O'Connor.

DEAL LAID TO DEMOCRATS

Mr. Roosevelt, a life-long Democrat, had sought his party's designation, but abandoned the race in August, charging that Mr. O'Connor had sewed up the nomination through a political deal.

Mr. Roosevelt subsequently received the Liberal party nomination.

He had charged that the Democratic nomination had been agreed on in a deal involving Stanley Steingut and Charles A. Buckley, the Democratic leaders in Brooklyn and the Bronx.

Mr. Roosevelt said Mr. O'Connor had agreed not to run for Mayor in 1965 if the Brooklyn and Bronx organizations would support his bid for the governorship this year.

When Mr. Roosevelt turned his fire on Mr. Rockefeller on Thursday, the Governor at first disdained to answer.

But he abandoned this aloofness yesterday in a brief huddle with newsmen in the Bronx. He had just received a warm reception while dedicating a new headquarters for the Bronx Youth Opportunity Center, an office of the State Division of Employment.

[From the New York Times, Oct. 27, 1966]

CANDIDATES FOR GOVERNOR INTENSIFY CAMPAIGNS AS ELECTION NEARS

The three major candidates for Governor intensified their attacks on one another yesterday.

With the election only two weeks away, it was a day for charges and counter-charges.

Governor Rockefeller set the pot of acrimony boiling when he charged that the tax plan advanced by Frank D. O'Connor, the Democratic candidate, "could force the state to cut back its aid for schools by almost 20 per cent."

Mr. O'Connor branded that charge "a shabby attempt to mislead the people" and attacked the Governor on another flank—the State Liquor Authority scandal involving a Rockefeller appointee, the former Republican state chairman, L. Judson Morhouse.

Mr. Rockefeller made his initial charges about Mr. O'Connor's tax plan in Ithaca, at a Tompkins County Republican gathering. He said the state's schools would suffer if Mr. O'Connor's plan to give a salestax credit against the state income tax were adopted.

Later, in Utica, Mr. Rockefeller said some O'Connor proposals would cost state and local governments $350-million a year in tax revenues that were badly needed.

Mr. O'Connor's initial reaction was to bring up what he called "an unusual amount of corruption in the Republican party under Rockefeller." He returned to that theme last night, but first he issued an angry statement in rebuttal to Mr. Rockefeller's tax charges.

TAXES HELD INEQUITABLE

"The schools of this state will get a better break and more equitable distribution of state funds when I am Governor," Mr. O'Connor asserted. "I would smooth out the glaring irregularities in the present tax structure, which bears most heavily on those least able to afford to pay."

Mr. Rockefeller's interpretation of his tax proposals, Mr. O'Connor said, represented "a complete perversion of the truth."

Mr. O'Connor expanded on his "corruption" charges against Mr. Rockefeller at the Queens County Democratic dinner at the Commodore Hotel.

Telling the story of "Nelson and Judson," he charged that Mr. Rockefeller "dropped" Mr. Morhouse only after the Liquor Authority scandals broke into the news.

When he first brought up the subject of Morhouse at a news conference earlier in the day, Mr. O'Connor said the Democrats had no "old-line leaders" in jail and he was ready to debate political corruption with Mr. Rockefeller.

Morhouse, who was sentenced in the summer to two to three years in prison on bribery charges involving the selling of S.L.A. favors, is free pending an appeal.

What stung Mr. O'Connor into the "old-line leaders" remarks was Mr. Rockefeller's warning, in Utica, that upstate communities would become "forgotten boroughs" if Mr. O'Connor, "product of the old-line type Democratic machine in New York City," won the election.

With yesterday's campaigning, the Governor completed his plan to visit every county in the state before the Nov. 8 elections.

Franklin D. Roosevelt Jr., the Liberal candidate, told a lunchtime crowd of about 500 in Washington Square that Mr. O'Connor was "a small man, a political chameleon shifting with the times."

SMALL ACHIEVEMENTS

He said that Mr. O'Connor had a questionable record as a legislator, that as Queens District Attorney he had appointed all his assistants from the clubhouse and that he had done nothing about schools, hospitals or welfare while City Council President.

Mr. Roosevelt was greeted with raucous laughter when he told another meeting of New York University law students that he was running "in the certainty that I'm going to win." He said at another point that the race was now between him and Mr. Rockefeller.

When Mr. O'Connor was asked about Mr. Roosevelt, he said the Liberal nominee had been a failure as a Congressman, "a failure at every job he had ever held," and that he had accepted a retainer from a dictator.

The last comment was a reference to Mr. Roosevelt's 1956 acceptance of a $15,000 fee to represent the Dominican Republic under the dictatorship of Rafael Trujillo. Mr. Roosevelt has since conceded that the retainer was a mistake.

SUPPORT FOR O'CONNOR

At Mr. O'Connor's news conference, he was endorsed by Thomas K. Finletter, former Air Force Secretary and one of the founders of the Reform Democratic movement, as "a splendid candidate" and by Mrs. Herbert H. Lehman, widow of the former Governor.

During Mr. Rockefeller's upstate tour, he accused Mr. O'Connor of "fiscal fakery."

Worried over lingering traces of upstate hostility to the 2 per cent sales tax he proposed in 1964, the Governor charged that the tax relief suggested by Mr. O'Connor would starve the public schools.

He said Mr. O'Connor was trying to "make people think he would help them by soaking business and industry," while omitting to say that this would dry up the supply of jobs and job opportunities.

The Governor also declared that the fiscal policies of his administration had restored the climate for economic growth and that this had been demonstrated by industrial expansion and an increase in jobs and personal incomes.

He promised during his state tour to speed an appropriation for a recreational park along a 36-mile stretch of the old Erie Canal between De Witt and Rome and to get early action on a teachers college for Utica and the construction of a road that would run through the city.

Among the Reform Democrats with Mr. O'Connor at his morning conference, besides Mr. Finletter and Mrs. Lehman, were Irving M. Engel, former chairman of the Committee for Democratic Voters, and Edward Gold, the present chairman.

Others were Mrs. Marshall Field, Orin Lehman, John J. B. Shea, Frederick W. Richmond, Miss Alice Sachs and Russell Hemenway, the former executive director of the Democratic Voters Committee.

In speaking of corruption in the Republican party, Mr. O'Connor emphasized that the Governor personally was not corrupt.

'Had he paid more attention to his job instead of running around the country to be president, it might not have happened," the Democrat asserted.

LIQUOR SCANDALS JUST WILL NOT GO AWAY

(By Charles Grutzner)

Booze and boodle have mixed throughout the ages, from the wine sellers of ancient Rome through the Prohibition era to the current liquor license case in Queens.

The complexity of rules incorporated in the State Alcoholic Beverage Control Law following the repeal of Prohibition in 1933 provided fertile ground for Taft. The graft erupted in a scandal during the Democratic administration of Gov. W. Averell Harriman, and again after Republican Governor Rockefeller succeeded Mr. Harriman in 1959. Mr. Rockefeller instituted some reforms, but opportunities for graft still exist in the control of liquor in the state.

The State Liquor Authority scandal under Governor Rockefeller followed the Governor's appointment of Martin C. Epstein as an S.L.A. member and quick promotion of him to the chairmanship. An investigation by District Attorney Frank S. Hogan uncovered widespread liquor license graft in 1962.

Governor Rockefeller promptly dismissed Epstein for refusing to testify without immunity before a grand jury. Esptein subsequently was indicted on charges of accepting graft and cheating on his state income tax, but he is critically ill and will probably never be tried.

L. Judson Morhouse, who had directed Mr. Rockefeller's two successful gubernatorial campaigns, quit his state and party positions rather than testify before the grand jury. Later he was convicted in connection with a shakedown of the Playboy Club, and he is now appealing a prison term.

REMEDIAL MEASURES

Governor Rockefeller took two remedial measures. First, he appointed Donald S. Hostetter, a former F.B.I. agent, as S.L.A. chairman; Mr. Hostetter then brought in four other ex-F.B.I. men as his top aides and reorganized procedures. Second, the Governor put a liquor law reform program through a special session of the Legislature. Easier conditions for obtaining and keeping licenses removed some of the opportunities for graft.

A moratorium on issuance of package store licenses was ended. Existing licensees were permitted to relocate in new areas. Owners of bars who had been making a mockery of the requirement that they maintain fully equipped kitchens were permitted to apply for a new type of license—a tavern license—that eliminated the food requirement.

Mr. Hostetter eliminated "reconsiderations" and "predetermination." Under the former policy a licensee against whom the S.L.A. had made an adverse finding frequently hired a new lawyer who got the board to reconsider the case. The predetermination hearings had made it possible for lawyers whose clients faced disciplinary action to come in and dicker about possible penalties. Both practices had been used by lawyers and fixers to shake down licensees.

Sometimes the money had been used for bribes. Sometimes a crooked lawyer or a fixer, playing on the ignorance of a licensee, pocketed the "bribe" money and got a favorable decision on the merits of the case. Many licensees did not know what penalties they faced. To end the latter situation, the S.L.A. instituted a policy of notifying the licensee directly of the maximum penalty he faced if the charges were sustained.

NOTIFICATION BY PHONE

A licensee who might pay $1,000 or more for a fix if he feared loss of his license is not such an easy victim if he knows that the maximum penalty for his particular offense is only a 10-day suspension.

In another innovation, the S.L.A. now notifies an applicant by telegram immediately of its approval of his application. Formerly this was done by mail, something after several days. A crooked lawyer or fixer could learn that the license had been granted and would then prey upon the applicant by telling him that the application had been denied or was still in the works but that a fat bribe could get him the license if he paid up promptly.

The S.L.A. also discontinued selective inspections. Previously, when the Authority received a complaint, anonymous or otherwise, of gambling, solicitation for prostitution or other improprieties, an investigator would visit the premises. Now the S.L.A. turns over to the police all complaints of criminality at a licensed premise.

Instead of having license applicants come in to be interviewed by the officials who would decide whether to grant or deny a license, Mr. Hostetter now has the interviews and investigations conducted by civil service employes—usually women who are lawyers—who then make written reports to the board on the applicants' background and financial responsibility.

STILL SOME POLITICS

In a shakeup begun when he took office, Mr. Hostetter put civil service employees into the sensitive positions wherever possible. In the past, whenever a new Governor was elected, key positions in the S.L.A. were filled by new political appointees.

There is still too much political control in the S.L.A., which has about 750 employes in the state. Of these, 150 are in exempt positions, most of them political appointees.

This is largely because of the local Alcoholic Beverage Control Boards. There are 58 such boards, one in each county except in New York City which has a single board for the five counties in the city. The local boards, which handle preliminary processing of applications for liquor licenses, consist of one Democrat and one Republican, except in this city, where the local board is made up of two Democrats and two Republicans.

There are plans to put most of the exempt positions under civil service. Besides removing political pressures, this would also provide continuity of service by career employes regardless of which party or faction within a party is in control at Albany. Such a shift would require State legislation.

Despite the changes made by Governor Rockefeller, booze and boodle still go together and loopholes for graft remain. In the current Queens case, no S.L.A. employes have been implicated, but Criminal Court Judge Benjamin Schor, a Democrat, and Jack Brodsky, a racetrack figure, have been indicted on charges of participation in a shakedown attempt. The Appellate Division of the State Supreme Court relieved Judge Schor of all assignments pending completion of its own inquiry.

The indicted men were accused of participating in an attempted shakedown of two partners who had applied for a liquor license for an inn in Queens. Last week Judge Schor's lawyer told the State Supreme Court that the judge would use the Good Samaritan defense. He said the judge never suspected that a pay-off was involved when a friend asked him to find out what progress was being made in the processing of a liquor license for the inn.

APPENDIX F

[From the New York Times, May 4, 1966]

MORHOUSE CALLED GREEDY AT TRIAL: PLAYBOY CLUB AIDE TELLS OF EXORBITANT DEMANDS

(By Charles Grutzner)

A Playboy Club officer testified yesterday that after his group had agreed to pay a $50,000 bribe to Martin C. Epstein, chairman of the State Liquor Authority, more exorbitant demands were made by L. Judson Morhouse for his part in obtaining a liquor license for the club here.

Arnold J. Morton, executive vice president of the Playboy Clubs International, was the first prosecution witness at the trial in State Supreme Court of Mr. Morhouse on charges of bribery and conspiracy. Mr. Morhouse was Republican state chairman at the time of the alleged bribe.

The trial will resume today at 11 A.M. before Justice Abraham J. Gellinoff and a jury of 10 men and 2 women.

Mr. Morton told the court that after his group had agreed to pay Epstein $50,000, Ralph Berger, a go-between, brought a message from Epstein that they would have to make a separate deal with Mr. Morhouse, whom Epstein described as the "Mr. Big" of Republican politics in New York.

The witness said he and Berger came here from Chicago on May 1, 1961, and went to Mr. Morhouse's midtown office where the Republican chairman allegedly told him:

"I can help you with your problem."

According to Mr. Morton, Mr. Morhouse said he would, however, want $100,000 for himself, plus an option to buy 100,000 shares of stock if Playboy Clubs went into public ownership, and the concession to operate gift shops in the clubs in several cities.

"I said that would be expensive since I had to pay Epstein $50,000," the witness testified. "He said: 'That's a separate deal. You have to handle that yourself.'"

Chief Assistant District Attorney Alfred J. Scotti elicited this testimony in an effort to substantiate his contention that Mr. Morhouse had been aware that his help to the Playboy group was connected with the bribery of the S.L.A. chairman.

Epstein, who was dismissed by Governor Rockefeller in 1962 when he refused to waive immunity and testify before the grand jury that uncovered a widespread liquor scandal, has been under indictment since 1963 on charges of taking bribes and cheating on his state income tax.

It is believed in court circles that he will never be brought to trial. The 73-year-old former official and Brooklyn Republican wheelhorse is seriously ill in a Miami hospital with heart disease, diabetes and other ailments.

Mr. Morhouse, a close friend of Governor Rockefeller and his former campaign manager, resigned his post with the Republican party unexpectedly on Dec. 27, 1962.

A few days later he gave up a $17,000-a-year post as vice chairman of the State Thruway Authority before going before a grand jury where he refused to answer questions. He was indicted last Dec. 8.

Mr. Morhouse, who is a lawyer, has spent the past winter in his home village of Ticonderoga as a plumbing and heating contractor.

Ruddy-cheeked and with his usual crew cut, he sat at the defense table yesterday with clasped hands in his lap, listening to the diametrically opposed interpretations Mr. Scotti and Sol Gelb, defense counsel, put on his role in the Playboy license case.

The prosecutor, in an hour-and-20-minute opening address to the jury, described the defendant as a participant in "a corrupt and unlawful scheme" to bribe the S.L.A. chairman.

Mr. Gelb, a former chief assistant district attorney, said he intended to show that the payments Mr. Morhouse demanded—and part of which he received—were for legal advice and other services to the Playboy enterprises.

Mr. Gelb, who took less than half an hour for his opening, reminded the jurors that the defendant was on trial for having allegedly had a hand in the $50,000 bribery of Epstein, not on a charge that he had received any money for himself.

Berger, who was convicted in November, 1964, on two counts of conspiring to bribe Epstein, was sentenced to one year in prison but has not begun serving his term. His conviction is being appealed because of the use of electronic eavesdropping. Berger is to be a state witness in the Morhouse trial.

[From the New York Times, May 5, 1974]

PLAYBOY DECISION ON "BRIBE" RECOUNTED

(By Charles Grutzner)

A State Supreme Court jury heard yesterday how principal stockholders in the Playboy Clubs decided to meet payoff demands allegedly made on them in return for a liquor license here.

Arnold J. Morton, a prosecution witness in the conspiracy-bribery trial of L. Judson Morhouse, said he and his partners had agreed in 1961 to pay a $50,000 bribe to Martin C. Epstein, State Liquor Authority chairman. But, they went on, they were astounded by additional demands allegedly made by Mr. Morhouse, then the Republican state chairman.

Mr. Morton, a vice-president of Playboy, said he had met in Chicago with his associates after Mr. Morhouse reportedly had told him in New York that he wanted $100,000 for himself, an option to buy 100,000 shares of Playboy stock, and the gift shop concession in Playboy clubs in several cities.

Under questioning by Chief Assistant District Attorney Alfred J. Scotti, the witness quoted Victor Lownes, who owned 25 per cent of the stock, as saying they would "have to blow the whistle."

NO PLACE TO GO

But, said Mr. Morton, his own comment was: "We really have no place to go if things are corrupt so high in the Republican party."

The upshot of the meeting, the witness said, was that they agreed to pay Mr. Morhouse $20,000 a year for five years and persuaded him to "table" his other demands by telling him that his name would have to be made public if he obtained a stock option, and that the gift shop proposal was unrealistic.

Mr. Morton said that it was understood that the payments were for obtaining a liquor license for the club that was later opened at 5 East 59th Street. He related that Mr. Morhouse insisted that the checks be drawn on the account of the H. & H. Publishing Company, instead of the Playboy Clubs, because he wanted no record of any connection with the club's seeking a liquor license. Hugh M. Hefner of Chicago is the major stockholder in both the publishing firm and the clubs.

A check for $10,000 from the publishing company to Mr. Morhouse was put into evidence without objection from Sol Golb, defense counsel, who had told the jury in his pending address that money paid to Mr. Morhouse was for services to the publishing company.

Mr. Morton said that a check drawn on the Playboy Clubs had first been sent to Mr. Morhouse, but that he had returned it, and a replacement check, drawn on H. M. H., was then sent to him.

TOLD ABOUT SUBPENA

Mr. Scotti had told the jury of 10 men and two women that he would show that Mr. Morhouse had received $8,000 more before the exposure of the liquor license scandal put an end to the payments in late 1962.

Mr. Morton testified yesterday that when the Playboy organization's books were subpoenaed by the District Attorney in December, 1962, he telephoned Mr. Morhouse and informed him that payments made to him were recorded in the books.

"In plain language, you tipped him off," suggested Mr. Scotti.

"I notified him, whatever you want to say," was the reply.

Also put in evidence were two $12,500 Playboy checks, one made out to Lee Berco, Inc., the other to Harry Steinman, a theatrical agent. Mr. Morton said they were given to Ralph Berger, who has since been convicted of conspiracy to bribe Epstein, to cash and make the first payment in cash to Epstein.

Berger, according to Mr. Morton, was asserted to be the "fixer" who first told the Playboy group that Epstein wanted a pay-off.

Mr. Morhouse is being tried on six counts of conspiracy and attempting to bribe Epstein. Conviction on all counts could lead to a maximum penalty of 42 years in prison and $19,000 in fines.

Under cross-examination by Mr. Gelb, Mr. Morton admitted discrepancies in his present testimony and some of his answers at Berger's trial in November, 1964.

The witness said he had not felt in 1961 that the payments to Epstein were a bribe. He said he and his associates then believed that they had a legal right to a New York liquor license, but that he had since come to realize that it was bribery of a public official regardless of the circumstance.

The trial resumes today at 10:30 A.M. before Justice Abraham J. Gellinoff in the Criminal Courts Building.

[From the New York Times, May 6, 1966]

MORHOUSE NAMED AGAIN IN BRIBERY— BERGER QUOTES EPSTEIN ON PLAYBOY LIQUOR PERMIT

(By Charles Grutzner)

Ralph Berger, convicted in 1964 of conspiracy to bribe Martin C. Epstein, the State Liquor Authority chairman, returned to the courthouse yesterday to denounce L. Judson Morhouse as a fellow conspirator.

Berger, free on bail pending his appeal from a one-year penitentiary sentence, testified that Epstein told him Mr. Morhouse, the Republican state chairman then, "knew all about" a deal whereby the Playboy Club owners were to give Epstein a $50,000 bribe for a liquor license for their New York club.

The witness also quoted Epstein as saying that he had "had deals with Mr. Morhouse" before the Playboy Club bribe.

Berger, white-haired, deep-tanned and pudgy, was the state's second witness against Mr. Morhouse, who is being tried on a six-count conspiracy indictment before State Supreme Court Justice Abraham J. Gellinoff and a jury. The trial will resume at 10:30 A.M. today.

Chief Assistant District Attorney Alfred J. Scotti put Berger on the stand chiefly to corroborate the testimony of Arnold J. Morton, a Playboy Club vice president, who had told of a meeting in Mr. Morhouse's law office at which the Republican chairman allegedly demanded $100,000, among other things, for himself.

Berger, who was present at the meeting in May, 1961, testified also that Mr. Morhouse told him the payments to him were to be "a separate matter" from the $50,000 payment to Epstein.

Under a stinging cross-examination by Sol Gelb, the defense counsel, Berger admitted that when New York's liquor-license scandal came into the open in November, 1962, he was still holding $19,000 of the Playboy group's money, which he was to convey to Epstein. He said he didn't know what else to do with the money then, so he kept it and reported it on his income-tax return.

"You'd do anything for money, wouldn't you?" asked Mr. Gelb.

The witness said no, not anything.

"You wouldn't kill for money, I suppose?" asked Mr. Gelb, his voice dripping scorn.

The witness said no.

Berger disclosed that the 1960 Republican National Convention was the occasion of his association with Epstein. He said a friend in San Francisco had telephoned him that Epstein was coming to the convention and had asked him to arrange "some entertainment and dinners" for Epstein and his party.

Berger testified that he arranged with Mr. Morton, whom he had known for years, for Epstein and his friends to visit the Playboy Club in Chicago. He said that Epstein and his group did not visit the club after he made reservations, but that the incident led Morton to say he wanted to meet the Commissioner because the Playboy Club desired a liquor license in New York. Berger said he later arranged a meeting here.

In testifying about his own dealings with the Playboy group, Berger said they first agreed to pay him $5,000 for making the contact with Epstein. After they delayed giving him any money, he said, he went to see a friend, Marshall Korshak, who called someone in the Playboy organization, and he soon received $5,000. Marshall Korshak, a former Democratic State Senator in Illinois, is now the Illinois State Revenues Director.

[From the New York Times, May 7, 1966]

PAYOFF PLANS TOLD AT MORHOUSE TRIAL

A jury heard yesterday a tale of arrangements whereby the Playboy organization allegedly concealed that money it was paying L. Judson Morhouse was for his aid in getting a liquor license for the Playboy Club in this city.

But the alleged payoff came into the open after District Attorney Frank S. Hogan subpoenaed Playboy records and the liquor license scandal broke open in 1962, Robert Preuss testified. He is an officer and director of both the Playboy Clubs International and the H.M.H. Publishing Company, whose publications include Playboy magazine.

Mr. Preuss was the third prosecution witness in the trial of Mr. Morhouse in State Supreme Court. Mr. Morhouse, former Republican state chairman, is accused of conspiracy and aiding in the bribery of Martin C. Epstein, ousted chairman of the State Liquor Authority.

The witness testified, as had two others, that Mr. Morhouse had acknowledged to them that the deal included a $50,000 bribe for Epstein and $100,000, plus other demands that he later dropped, for himself.

[From the New York Times, May 10, 1966]

BIXBY NAMED AT MORHOUSE TRIAL, BUT HE DENIES ANY ROLE IN PLAYBOY PLOT

(By Charles Grutzner)

The name of R. Burdell Bixby, chairman of the State Thruway Authority and law partner of former Gov. Thomas E. Dewey, was injected yesterday into the conspiracy and bribery trial of L. Judson Morhouse, former Republican state chairman.

Mr. Morhouse is accused of participation in a plot to give Martin C. Epstein, former chairman of the State Liquor Authority, a $50,000 bribe to get a liquor license for the Playboy Club here.

Harry Hayes, an Albany lawyer, told a jury in State Supreme Court that after a grand jury had subpoenaed the books of the Playboy organization, Mr. Bixby composed the final draft of a letter sent by Mr. Morhouse to make it appear he had been paid $18,000 for services to Playboy Magazine instead of for his aid in obtaining a liquor license.

ACCOUNTS CALLED FALSE

Mr. Bixby, reached at the law offices of Dewey, Ballantine, Bushby, Palmer & Wood said Mr. Hayes's account was "totally false in every respect."

He said he had attended a meeting on Dec. 26, 1962 to help draft Mr. Morhouse's letter of resignation as vice chairman of the Thruway Authority. He said it was possible Mr. Hayes had confused that with something else.

Mr. Bixby said he would withhold further comment until he had "a better word-by-word description of what I'm alleged to have said and done."

Mr. Hayes's testimony about the alleged letter-writing session came after he had first refused to tell his story, on the ground that it might incriminate him. He gave his ac-

count only after Justice Abraham J. Gellinoff had given him immunity from prosecution.

The witness had been telling the jury that Mr. Morhouse whom he had known for 10 years, asked him in July, 1961, to recommend a New York City lawyer who would file a liquor-license application with the S.L.A. for the Playboy Club that was to open here.

PHONE CALL RECALLED

Mr. Hayes said that he had recommended Jerome Marrus, and that he had handled the application as an open and above-board legal matter, without being told that Mr. Morhouse was connected with it. He testified further that in December, 1962, he got a call from Mr. Morhouse, who told him he had learned that the grand jury had subpoenaed the Playboy books and records.

"He asked me to meet him that day halfway between Ticonderoga [where Mr. Morhouse lived] and Albany, at a diner," said Mr. Hayes. He described Mr. Morhouse as "distraught" because of entries in the books and said Mr. Morhouse "wanted to review the situation."

"I told him it was evident I'd be called as a witness, and I didn't want to hear anything from him," the witness testified.

But the following week, Mr. Hayes said, Mr. Morhouse asked him to go to the Roosevelt Hotel here, and he went.

"Who else was present at the meeting?" asked Chief Assistant District Attorney Alfred J. Scotti.

It was at this point that Mr. Hayes balked on the ground of possible self-incrimination.

IMMUNITY ASKED

After the jury had been excused from the room, Mr. Scotti told the court that Mr. Hayes's testimony "may involve a conspiracy to obstruct justice." The prosecutor asked the court to direct the witness to answer and to give him immunity from prosecution if needed.

During an argument between Mr. Scotti and the defense lawyer, Sol Gelb, the prosecutor shouted: "Oh, you don't know your law!"

"Why, you are really, really —," fumed Mr. Gelb, his exasperation preventing him from finishing the sentence.

With the jurors back in their seats and Mr. Hayes speaking under immunity, the witness said that present besides himself and Mr. Morhouse were "a Mr. Couri and another individual since deceased." Mr. Couri was identified later as Aleer J. Couri, a businessman who had shared office space with Mr. Morhouse.

Mr. Hayes said that Mr. Morhouse told them he had tried, without success, to get some Playboy executive to write a letter saying the books were in error in showing that Playboy Club money had gone to him.

The witness said Mr. Morhouse then told them he would write such a letter himself. Mr. Hayes said that although he opposed this as "stupid and senseless," a draft was prepared.

"Later that afternoon Burdell Bixby arrived and was shown the letter," Mr. Hayes testified. He said Mr. Bixby took exception to the wording of the letter and announced, "I'll take it."

The next day, according to Mr. Hayes, Mr. Bixby phoned him and read a final draft. The witness said he took it down in pencil and had his secretary type it on Mr. Morhouse's letterhead. He said Mr. Morhouse then went to Albany and signed it.

The Morhouse letter, addressed to Hugh M. Hefner, top officer of the publishing company and Playboy Clubs International, set forth that he had not accepted fees from the Playboy Club nor performed services for the club here. It asked Mr. Hefner to "make prompt inquiries" into the "error" that made it appear that he had been paid from funds of the New York Playboy Club.

It was brought out that Mr. Hayes had made no mention of his part in the letter writing when he was questioned by the grand jury. Mr. Scotti said he knew nothing about it himself until last Saturday. Under cross-examination by Mr. Gelb, Mr. Hayes said his role in the matter had been "to help a friend."

Mr. Morhouse resigned as Republican state chairman on Dec. 27, 1962. He also gave up his $17,000 post as vice chairman of the Thruway Authority a few hours before he went before the grand jury and refused to testify without being granted immunity.

Mr. Bixby's salary as chairman of the Thruway Authority is $19,500. He was treasurer of the Republican State Committee when Mr. Morhouse was chairman.

In yesterday's morning session of the trial, Robert Preuss, secretary of Playboy Clubs International, admitted under cross-examination that he had no direct knowledge that Mr. Morhouse knew that Epstein was to get a $50,000 bribe.

He had testified that, at a meeting at which he was present, Mr. Morhouse had demanded $100,000 for himself. He had also testified that other Playboy executives had reported to him that at earlier conferences Mr. Morhouse told them this was his deal and that the bribe for Epstein was "a separate matter."

Mr. Gelb has told the jury that Mr. Morhouse is not on trial for any sums he may have demanded or received for himself but only as an alleged participant in the plot to bribe Epstein.

The trial will resume today at 10:30 a.m.

[From the New York Times, May 12, 1974]

MORHOUSE SILENT AS DEFENSE RESTS

Former Republican State Chairman L. Judson Morhouse declined yesterday to take the witness stand in his own defense at his trial for bribery and conspiracy.

The 52-year-old lawyer thus staked his freedom on the ability of his counsel, Sol Gelb, to persuade the jury of 10 men and 2 women that the testimony of the 5 prosecution witnesses, including 3 self-described accomplices, was either inadmissible as hearsay or unworthy of belief.

Mr. Morhouse is being tried in State Supreme Court on a six-count indictment that charges him with taking part in a plot to give a $50,000 bribe to Martin C. Epstein, ousted chairman of the State Liquor Authority, for a liquor license for the Playboy Club here.

If convicted on all counts, Mr. Morhouse could be sentenced up to 42 years in prison and fined $19,000.

[From the New York Times, Mar. 17, 1974]

MORHOUSE ACTION IS CALLED "STUPID" BUT IT WAS NOT ILLEGAL, HIS LAWYER TELLS COURT

(By Charles Grutzner)

L. Judson Morhouse's lawyer conceded yesterday that the former Republican state chairman's involvement in the Playboy Club liquor license scandal had been "improper and stupid" but had not violated any law.

In a two-and-a-half-hour summation in State Supreme Court, the lawyer, Sol Gelb, suggested that Mr. Morhouse's actions, including a demand for $100,000 and his acceptance of $18,000 before the scandal broke open, raised an issue of ethics rather than criminality.

Mr. Gelb, a former Chief Assistant District Attorney, attacked the District Attorney's office in his attempt to persuade the 10 men and 2 women jurors that Mr. Morhouse had neither plotted to bribe Martin C. Epstein, former chairman of the State Liquor Authority, nor taken part in bribing Epstein. Mr. Morhouse is being tried on a six-count indictment charging conspiracy and bribery. Conviction on all counts could bring up to 42 years in prison and fines totaling $19,000.

"I say this is a dishonest indictment," declared the short, peppery defense lawyer.

Chief Assistant District Attorney Alfred J. Scotti, in charge of the grand jury investigation that led to the liquor license disclosures, will sum up for the prosecution today, beginning at 10:30 A.M.

Mr. Gelb said Mr. Scotti, who had secured convictions of several lesser figures in the liquor scandals, had decided to "get Mr. Morhouse, the 'Mr. Big' of the Republican party." He said Mr. Scotti had produced an indictment that would require the perjured testimony of conspirators who hoped to get immunity from prosecution or an easing of their punishment for their "cooperation."

Reminding the jurors that Ralph Berger, a principal state witness, who was convicted in 1964 of conspiracy to bribe Epstein, had not begun serving his prison sentence, Mr. Gelb said:

"This witness was here to do a job. When this trial is over this witness will get consideration. His jail sentence will be set aside. I make that prediction."

The prosecution had relied heavily on Berger's testimony to indicate that Mr. Morhouse was aware, in making his own demands, that the payoffs, to him were part of an over-all deal that required a $50,000 bribe for Epstein to issue the type of license sought by the Playboy Club.

Mr. Gelb also attacked as "unbelievable" the testimony of Arnold J. Morton, executive vice president of the Playboy Clubs International, which depicted Mr. Morhouse as an active participant in the bribery plot.

In the nine days of this trial, Mr. Scotti has elicited testimony from five prosecution witnesses. Mr. Gelb rested the defense without calling Mr. Morhouse or any other witness to the stand.

APPENDIX F

[From the New York Times, May 18, 1974]

JURY HEARS GREED LED MORHOUSE ON: PROSECUTOR SAYS DEFENDANT USED POST TO GET RICH

(By Charles Grutzner)

The relationship in 1961 and 1962 between L. Judson Morhouse and Martin C. Epstein was described to a jury yesterday as that of a political boss and a grafting public official who teamed up to enrich themselves and one another.

Chief Assistant District Attorney Alfred J. Scotti offered this characterization in a summation of 3 hours and 40 minutes against Mr. Morhouse, a former Republican state chairman who is on trial in State Supreme Court, on charges of conspiracy and bribery.

The six-count indictment alleges that Mr. Morhouse took part in a plot by which officers of the Playboy Club bribed Epstein, who was then chairman of the State Liquor Authority, to give a liquor license to the club at 5 East 59th Street.

"BETRAYAL" CHARGED

Asking the 10 men and 2 women on the jury to find the defendant guilty on all counts, the prosecutor declared:

"We have established beyond the shadow of a doubt that this defendant used his political power to enrich himself by controlling a corrupt public official. This man not only betrayed his party, not only betrayed the people of New York, but fostered corruption in public office to make it a source of wealth for himself.

"You must not regard corruption as a way of life, as an element in democratic government."

Mr. Scotti devoted part of his summation to an attack on an argument made by Sol

Gelb, defense lawyer. Mr. Gelb had contended that Mr. Morhouse could not be found guilty of bribery—despite the fact that he had demanded $100,000 from the Playboy group and had actually received $18,000 until the license scandal became publicly known in November, 1962—because he was not a public official.

PLAYBOY WITNESSES

The prosecutor said that the testimony of state's witnesses, including two Playboy entrepreneurs who were granted immunity from prosecution, made it clear that the $50,000 demanded by Epstein and the $100,000 demanded by Mr. Morhouse had been part of the same deal.

Mr. Gelb twice interrupted the summation to move for a mistrial on the ground that Mr. Scotti's version of the testimony was inaccurate and highly prejudicial. Justice Abraham J. Gellinoff denied both motions.

Mr. Scotti assailed the defense's argument that the Playboy officers were unworthy of belief because they had been given immunity, although named as co-conspirators with Ralph Berger, who was convicted of conspiracy to bribe Epstein.

The prosecutor reminded the jurors that Governor *Rockefeller*, who dismissed Epstein after the scandal broke, had assured holders of liquor licenses that there would be no reprisals if they cooperated in the inquiry.

"If the Governor hadn't given that assurance," Mr. Scotti said, "the grand jury could never have indicted Epstein. He would still be S.L.A. chairman and we would never have uncovered the extraordinary corruption in which he was engaged with confederates."

[APPENDIX F]

[From the New York Times, May 20, 1966]

JURY DEADLOCKED IN MORHOUSE CASE—LOCKED UP FOR NIGHT AFTER DELIBERATING 7½ HOURS

(By Charles Grutzner)

The jury in the conspiracy and bribery trial of L. Judson Morhouse, former Republican state chairman, failed to reach a verdict last night after seven-and-a-half hours of deliberation.

At 11:55 P.M., State Supreme Court Justice Abraham J. Gellinoff sent the 10 men and two women on the jury to a midtown hotel with instructions to return at 11 A.M. today and resume their deliberation.

The judge gave the case to the jury at 1:55 P.M. after a three-hour charge in which he outlined the six counts—four felonies and two misdemeanors—on which the defendant has been standing trial for 12 days. The jury ate lunch in the jury room, but took a two-and-a-half-hour dinner recess at a nearby restaurant.

Mr. Morhouse is accused of having been a principal in the bribery by Playboy Club executives of Martin C. Epstein, former chairman of the State Liquor Authority, to get a liquor license for the New York Playboy Club at 5 East 59th Street.

Prosecution witnesses testified that Mr. Morhouse had demanded $100,000 for himself in the deal, and had received $18,000 until November, 1962.

Epstein had allegedly demanded $50,000 for himself and had received $25,000, before payments stopped.

If he were convicted on all counts, Mr. Morhouse could get a maximum penalty of 42 years in prison and fines of $19,000.

An hour and 40 minutes after they had received the judge's three-hour charge—with part of the time consumed by lunch in the jury room—the jurors sent word that they wanted further instructions. The foreman, Arnold J. Voit, asked Justice Gellinoff: "Can we have the six counts of the indictment?"

Justice Gellinoff said he could not read them the indictment, since that document had not been put in evidence. He said he could again summarize and explain the various counts, if that was what the jurors wanted. After the judge had reviewed the counts and the jury filed out of the courtroom, Sol Gelb, Mr. Morhouse's lawyer, went to the bench and put an exception into the record.

"Mr. Gelb, I am shocked and surprised at you!" exclaimed Justice Gellinoff. "Don't you do that to me again, Mr. Gelb! I deliberately consulted and got your consent to that."

Mr. Gelb said he did not object to the substance of what Justice Gellinoff had told the jurors but to the fact that he had "gratuitously" offered to explain the counts when the jury had asked only what they were.

[APPENDIX F]

[From the New York Times, May 21, 1966]

MORHOUSE FOUND GUILTY IN PLAYBOY BRIBERY CASE

(By Charles Grutzner)

L. Judson Morhouse, who was described at his trial as the "Mr. Big of the Republican party," was found guilty yesterday on two felony counts in the bribery of Martin C. Epstein, former chairman of the State Liquor Authority, to obtain a liquor license for the Playboy Club.

The former chairman of the state Republican party was acquitted on two other bribery counts and two misdemeanor counts of conspiracy based on the same set of happenings.

With sentence set for June 15, in State Supreme Court, Morhouse faces a possible maximum penalty of 10 years in prison and a $5,000 fine on one count and 10 years and $4,000 on the other.

The jury, which spent Thursday night in a hotel here after having remained deadlocked throughout the day, returned to the courthouse yesterday morning and produced the verdict by early afternoon.

Morhouse got to his feet to hear the jury's decision. As the foreman, Arnold J. Voit, uttered the verdict, the defendant, of a normally ruddy complexion, turned a shade deeper red, but gave no other sign of emotion.

His 21-year-old son, Sanford, wept openly. Morhouse walked over to him and made a smiling remark. Sanford, a senior at Williams College, had received notification on Thursday of his acceptance into Columbia Law School.

TWO COUNTS DESCRIBED

Sol Gelb, defense lawyer, said an appeal would be made. The first step will be a motion, on sentence day, to have the verdict set aside.

One of the counts on which Morhouse was convicted charged he aided the Playboy group in the bribery of Commissioner Epstein. The other held that he had induced Epstein to accept an illegal fee; which is a legalism for tasking a bribe.

Mr. Gelb said that it "seems inconsistent" that the jury after deciding Morhouse was not guilty of conspiring with the Playboy group to bribe Epstein, should find him guilty in the actual bribery in which money from the Playboy enterprises was used.

CALLED PAY FOR SERVICES

It was brought out at the 12-day trial that Epstein had in 1961 demanded $50,000 as his price for a license and had received $25,000 by the time the scandal broke in November 1962. There was testimony also that after Epstein made his deal with the Playboy principals he sent them in April, 1961, to see Morhouse, who then demanded $100,000 for himself in five annual instalments and actually received $18,000 before the scandal became public.

Morhouse, who did not deny the $100,000 deal or the $18,000 payments, contended that these were for legal and publicity services to the Playboy enterprises. The state maintained that the payments to Epstein and Morhouse were parts of the same deal by which "a corrupt public official and his political boss" teamed up to enrich themselves and one another illegally.

The principal witnesses against Morhouse were three convicted or admitted accomplices in the bribery of Epstein. Ralph Berger, a "fixer" from Chicago, was convicted in 1964 of conspiracy at a trial which brought out that he had delivered $25,000 in cash, proceeds of two Playboy Club checks, to Epstein in his room in New York Hospital. Berger, who has not begun serving his one-year term, admitted in the Morhouse trial that he hoped he would get "consideration" from the court for his testimony.

The other two star witnesses for the prosecution, admitted conspirators and bribers, were Playboy executives Arnold J. Morton and Robert Preuss, who had been given immunity from prosecution for their testimony

Justice Abraham J. Gellinoff gave the case to the jury early Thursday afternoon. With the ten men and two women jurors still deadlocked at midnight, the judge had them taken in a hired bus to a hotel with instructions to return to the Criminal Courts Building at 11 A.M. yesterday and resume deliberations.

JURY BACK EARLY

The jurors returned to the courthouse an hour early, apparently determined to end the deadlock. At 12:30 P.M., they sent word to the judge that they had reached a verdict.

Mr. Gelb and Morhouse took their accustomed seats at the defense table and Assistant District Attorney David A. Goldstein sat at the prosecution table. In a front row of spectator seats were Mrs. Margo Morhouse, his dark-haired wife; his son, a daughter, Mrs. Christopher Breiseth, and her husband, professor of modern European history at Williams.

In court, standing erect, the tall crew-cut defendant spoke in a low voice as he gave his pedigree to a court officer. Fifty-two years old, occupation lawyer, address Black Point Road, Ticonderoga. Later, he told newsmen he had no comment.

Morhouse will continue on parole in his own custody until sentence is imposed.

The delay in agreeing on a verdict was because one of the women jurors had held out for acquittal on all counts. Shortly before noon she "began to listen to reason," as another juror put it.

JURORS' REASONING

Another juror reconciled the conviction on the bribery counts with the acquittal of conspiracy to bribe by saying that the jurors agreed that the conspiracy had been completed when Epstein agreed to accept the bribe before sending the Playboy entrepreneurs to Morhouse, but that Morhouse was guilty of bribery before he went along with the deal.

Morhouse, named Republican state chairman in 1954 by former Governor Dewey, was subsequently elected to four more two-year terms. A close friend of Nelson A. Rockefeller, he managed Mr. Rockefeller's successful campaigns for Governor in 1958 and 1962. Governor Rockefeller appointed him to the $17,000 position as vice-chairman of the State Thruway Authority and as nonsalaried chairman of the Lake George Park Commission. He resigned abruptly as Republican chairman on Dec. 27, 1962. A few days later he quit both state offices before going before a grand jury, where he refused to waive immunity and answer questions about the liquor scandal.

A spokesman for the Governor said yesterday Mr. Rockefeller would not comment on Morhouse's conviction.

[APPENDIX F]

[From the New York Times, June 16, 1974]

MORHOUSE GETS 2 TO 3 YEARS IN S.L.A. BRIBERY—EX-CHIEF OF STATE G.O.P. IS JAILED PENDING APPEAL; SCOTTI, PROSECUTOR, CALLS HIM AN INFLUENCE PEDDLER

(By Jack Roth)

L. Judson Morhouse, former chairman of the State Republican Committee, was sentenced yesterday in State Supreme Court to serve two to three years in prison after hearing himself described as a man who "misused the vast power of his political position to satisfy his greed for money."

The tall defendant, wearing a brown suit and with his hair crew-cut, stood before the bench first with his hands clasped and then with his arms folded. He winced occasionally as he was excoriated by Chief Assistant District Attorney Alfred J. Scotti and then by Justice Abraham J. Gellinoff, who imposed the prison term.

The 52-year-old defendant was convicted May 20 on two felony counts in the bribery of Martin C. Epstein, the former chairman of the State Liquor Authority, to obtain a liquor license for the Playboy Club.

Morhouse's wife, Margo, who wore dark glasses, sat in a first-row seat in the court and sobbed aloud when she heard her husband sentenced. She had been hoping, as had Morhouse's lawyer, Sol Gelb, that the defendant might receive a suspended sentence.

Mr. Gelb applied to Supreme Court Justice Samuel M. Gold for a certificate of reasonable doubt to permit the defendant to be free on bail pending appeal. Justice Gold said he would reserve decision until he had read the record.

Morhouse, a lawyer who lives in Ticonderoga, N.Y., was remanded to Manhattan City Prison and will remain there until Justice Gold rules on his application for the certificate. His conviction on the felony counts means automatic disbarment.

In sentencing Morhouse to two concurrent two-to-three year terms, the Justice said he was seeking a "realistic balance that must be struck between compassion for the defendant and concern for the public."

The convicted man will be eligible for parole after serving 16 months in prison.

The evidence at the trial showed that Epstein, in 1961, had demanded $50,000 for the license, $25,000 of which he received before the investigation into the S.L.A. became public knowledge in November, 1962. It was also testified that Epstein after he had made his deal for the license, sent the Playboy Club officers to see Morhouse who demanded $100,000 in five annual payments, receiving $18,000 before the scandal broke.

INDICTMENT IS PENDING

An indictment is pending against Epstein, but he is seriously ill in Florida and is not expected to be called to trial.

Mr. Scotti, who had prosecuted the case against Morhouse, urged Justice Gellinoff to impose a "substantial" jail term on the defendant and said:

"Leadership in the best interest of his party and state was expected of him. Instead, he chose to misuse the vast power of his position to satisfy his greed for money. The possession of this power was considered not as an obligation to improve the quality of our government but as an opportunity to acquire wealth for himself."

The prosecutor enumerated a series of what he termed "instances of the misuse of power" that, although there was no evidence of crime, showed the defendant was "at least engaged in the sale of political influence for substantial sums of money."

Mr. Scotti recited the following matters that his office had discovered, but had not disclosed until now, and labelled them all as the "sale of political influence."

From 1958 to 1962 he received annual payments of $5,000 totaling $25,000 from a company engaged in distributing trading stamps for "keeping an ear tuned to any matter in the state Legislature which would affect trading stamps."

In 1958 and 1962 Morhouse received two $5,000 payments from a corporation for "no specific function."

In 1957, he received $20,000 from a corporation conducting the business of "custom consultant." This was not further explained.

In 1959, from another corporation in the same field, he got $32,000.

Between 1959 and 1961 Morhouse got $19,000 from a public relations firm.

In 1962 a Morhouse corporation, Lyman Associates received $6,000 from a broadcasting company.

Between June 1959, and January, 1963, the defendant received $18,500 from a detective agency.

NO CRIME IS FOUND

"These are some of the instances our office has been able to uncover involving the sale of his political influence . . . though we have not been able to uncover evidence of crime in these instances," Mr. Scotti said.

The prosecutor went on to say that when persons in certain corporations were questioned by his office as to why Morhouse had been given money, the answer, in substance, was: "Mr. Morhouse is the chairman of the Republican party and, as such, he knew a lot of people and that is why we called him in."

"In other words," Mr. Scotti said, "the defendant was being paid for the use of his political influence."

Morhouse was first named Republican state chairman in 1954 by former Gov. Thomas E. Dewey. He subsequently was elected to four more two-year terms. He managed Nelson A. Rockefeller's successful campaigns for Governor in 1958 and 1962. The Governor appointed him to the $17,000 post as vice chairman of the State Thruway Authority and as a nonsalaried chairman of the Lake George Park Commission.

He resigned suddenly as Republican chairman on Dec. 27, 1962, and a few days later he quit his other offices before going before a grand jury where he refused to waive immunity and answer questions about the liquor scandal.

GOT $100,000 IN FLORIDA

Mr. Scotti, speaking calmly and dispassionately, said that Morhouse also had received $100,000 in cash in Florida for the purpose of obtaining a racetrack license in 1959. He did not mention the track, but it has become public knowledge that it was the Finger Lakes Race Track in Farmington, N.Y.

"It has been established," Mr. Scotti told the court "that this defendant in seeking to enrich himself by the use of his political power, knowingly, deliberately fostered corruption in public office. We must take a very serious view of these crimes if we are to sustain the confidence of the people in the integrity of our government."

In sentencing Morhouse, Justice Gellinoff said the defendant had "many good friends in most high places who came forward willingly to urge leniency."

The court said Morhouse had wielded "tremendous governmental power and influence and perverted this power for personal and financial gain."

Mr. Scotti, on his way to Justice Gold's court, was asked if influence peddling was not a crime.

He answered that it was a "pernicious practice" but not a crime and said that it would be "salutary if the Legislature would consider the advisability of making the sale of political influence a crime."

[APPENDIX F]

[From the New York Times, June 17, 1966]

MORHOUSE AIDED BY HIGH OFFICIALS—JUDGE GOT LETTERS PRAISING DEFENDANT'S INTEGRITY

(By Jack Roth)

Letters commending L. Judson Morhouse for "integrity, honesty and devotion of good government" were sent to a State Supreme Court justice by Senator Jacob K. Javits, former Gov. Thomas E. Dewey and a secretary to Governor Rockefeller before the former Republican state chairman was sentenced on Wednesday.

The letters were among hundreds of communications, in effect urging leniency, received by Justice Abraham J. Gellinoff before he sentenced Morhouse to two concurrent prison terms of two to three years on his conviction of two felony counts.

The defendant had been found guilty in the bribing of Martin S. Epstein, former chairman of the State Liquor Authority, to obtain a liquor license for the Playboy Club.

The name of the Governor's secretary was not disclosed, but it was ascertained that he had written the letter with Mr. Rockefeller's knowledge.

A spokesman for the Governnor, however, denied last night that any such letter had been written or sent.

PROPRIETY DEBATED

The letters from those officials, as well as from others, such as Carl Spad, the Republican state chairman, and Vince J. Albano, the county chairman, precipitated a discussion among officials in the District Attorney's office and lawyers as to the propriety of such high officers in commending a man whom the prosecutor's office called "greedy for money" and condemned him for selling "political influence for substantial sums."

District Attorney Frank S. Hogan said he was not "particularly disturbed" by the letters and that he would be concerned "only if a sentencing judge gave undue weight to such requests for leniency with a consequent failure to give proper weight to the evidence in the case and the verdict of the jury."

In the Morhouse case, there was no question that the prosecutor's office was satisfied with the sentence, as Alfred J. Scotti, the chief assistant district attorney, termed it "fair and adequate" after leaving the courtroom.

Two other aides in the prosecutor's office spoke angrily about the letters. One said that it "displays a callous disregard of a betrayal of good government."

PRAISE CALLED DISGRACEFUL

The other declared it was "disgraceful that public officials, past and present, should say anything in the least praiseworthy about a man who had refused to waive immunity before a grand jury and who was convicted, in reality, of cheating his party and his state."

Another lawyer spoke of "the other side of the coin."

"People who know people a long time," he said, "could do something like this out of a sense of mercy or compassion. Their commending the defendant because of their knowledge of him does not mean they are condoning anything that Morhouse did."

A lawyer who has been associated closely with judges for years, commented:

"It seems very poor taste for such high governmental officers to urge leniency for or speak in flattering terms of a man convicted of a crime that entails subversion of governmental power, a man so criticized and assailed by the District Attorney's office as Morhouse was."

JUDGE GIVES HIS VIEWS

Justice Gellinoff, asked whether he had received the letters and if so what he had thought of them, said:

"In many cases in which a judge sentences defendants he receives communications from various persons asking that he be lenient in imposing sentence. I do not think it proper that in any of these cases I should disclose either the name of the sender of such a letter or the contents of his message.

"In the Morhouse case I will say only that I received letters—as I said in court—from people in most high places who came forward willingly to urge leniency. I will say nothing more on the subject, neither confirming nor denying any information."

From other sources who saw the letters, however, it was reported that they spoke of Morhouse's good reputation, his excellent family life and declared that he was honest and upright and devoted to the interests of good government.

None, it was learned, specifically urged a lenient sentence, but said, instead, they wanted to bring their knowledge of the defendant to the court's attention.

The letters, it became known, have been filed with the court's probation department.

Morhouse was first named Republican state chairman by Governor Dewey in 1954 and was elected after that to four more two-year terms.

The 52-year-old lawyer of Ticonderoga, N.Y., was credited with getting Governor Rockefeller to enter politics and managed his gubernatorial campaigns of 1958 and 1962.

Morhouse was appointed to the $17,000 post of vice chairman of the State Thruway Authority by Governor Rockefeller and also as the nonsalaried chairman of the Lake George Park Commission.

He resigned as Republican chairman on Dec. 27, 1962, and a few days later quit his other posts before being called to testify before a grand jury investigating the liquor scandals. He refused to waive immunity before that panel and did not testify.

APPENDIX F

[From the New York Times, June 18, 1966]

ROCKEFELLER AIDE RETRACTS DENIAL OF LETTER ON MORHOUSE

Governor Rockefeller's press secretary, Leslie Slote, who denied on Thursday that any secretary of the Governor had written or sent a letter to a Supreme Court justice concerning L. Judson Morhouse, the former Republican state chairman, withdrew the denial yesterday.

Mr. Slote confirmed that a letter, characterized by court authorities as "urging leniency," was sent to Justice Abraham J. Gellinoff by William J. Ronan, the Governor's secretary, before Morhouse was sentenced to two to three years in prison by the justice.

Morhouse was convicted in the bribery of Martin C. Epstein, former State Liquor Authority chairman, to obtain a liquor license for the Playbody Club.

Mr. Slote explained yesterday:

"It is true that such a letter was sent. It was sent by Mr. Ronan. When I said that such a letter had never been sent I was incorrect." The letter from Mr. Ronan, it was reported, detailed his relationship with Morhouse and mentioned the Governor's name.

[APPENDIX F]

[From the New York Times, June 22, 1966]

MORHOUSE FREED PENDING APPEAL—COURT ISSUES CERTIFICATE OF REASONABLE DOUBT

(By Edith Evans Asbury)

L. Judson Morhouse, former chairman of the state Republican Committee, was released yesterday in his own custody from Sing Sing prison at Ossining, N.Y., pending appeal.

He was sent there last Friday to begin serving a sentence of two to three years for bribery.

Supreme Court Justice Samuel M. Gold released Morhouse with the consent of David A. Goldstein, assistant district attorney.

In a written opinion, Justice Gold stated that he was granting the release, and a certificate of reasonable doubt, because "if the certificate were denied, defendant might be compelled to serve a substantial part of his sentence only to have his conviction reversed on appeal."

In his application for the certificate, Morhouse had argued that the evidence against him was based on testimony of accomplices, and that therefore his conviction would be reversed on appeal.

Justice Gold, in his opinion, recalled that the judge had instructed the jury that testimony of accomplices was insufficient to support a conviction unless corroborated by independent evidence.

"A serious question is presented," the justice found, "as to whether the nonaccomplice evidence adduced at the trial was sufficient to establish the bribing of Epstein and defendant's connection therewith."

Morhouse was convicted on two felony counts of the bribery of Martin C. Epstein, the former chairman of the State Liquor Authority, to obtain a liquor license for the Playboy Club.

Ralph Berger, an intermediary between the club and Epstein, and Arnold Morton and Robert Preuss, officers of the club, testified as prosecution witnesses concerning the bribery.

They were "correctly held by the trial court to be accomplices of the defendant," according to Justice Gold.

Harry Hayes and Jerome Marrus were called at the trial by the prosecution to corroborate the accomplices' testimony. However, in Justice Gold's opinion, "the body of the crime, viz., the bribing of Epstein, depended for its establishment solely upon the accomplices' testimony."

Therefore Justice Gold continued, "this court is of the opinion that a reasonable doubt exists as to whether the judgment of conviction will be upheld on appeal."

The 52-year-old defendant, a lawyer, was convicted May 20, after a jury trial. He was sentenced June 15 by Supreme Court Justice Abraham J. Gellinoff to two concurrent two- to three-year terms.

Morhouse's son, Sanford, accompanied his lawyer, Harris R. Steinberg, to Sing Sing yesterday to deliver the court order to the warden and drive Morhouse to his home at Ticonderoga, N.Y.

An indictment is pending against Epstein but he is seriously ill in Florida and is not expected to be called to trial.

APPENDIX F

[From the New York Times, July 8, 1966]

"WORKING OUT" A FINE IN PRISON IS BANNED

(By Sidney E. Zion)

ALBANY.—The Court of Appeals ruled unanimously today that an indigent defendant cannot be sentenced to additional time in prison to "work out" a fine imposed by the judge.

Thus, the state's highest court reversed a sentence of one year plus 500 days—"one day for each dollar"—meted out in Erie County in June, 1965, to Albert Saffore, an indigent who pleaded guilty to third degree assault.

In two other cases, a bitterly divided court upheld, by votes of 5 to 2, the state's "stop and frisk" law under circumstances that the dissent said "goes beyond anything" decided earlier in this area.

Judge John Van Voorhis said in dissent that he had understood the earlier rulings by the state's highest court meant to limit the police to frisk for weapons and to allow as evidence against a defendant only weapons found on his person.

But today, the court upheld burglar's tools as evidence in one case and heroin in another. Both items were found on the defendants after a frisk performed by officers who had not had probable cause to conduct a search.

The stop-and-frisk law generally permits a cursory search of a person on "reasonable suspicion," which means less than the constitutional requirement of probable cause necessary to justify an arrest and full-scale search.

PRINCIPLE UPHELD IN 1964

In the Saffore case, involving the fines, Chief Judge Charles S. Desmond was scathingly critical of the sentence. He wrote:

"A fine of $500 for a common misdemeanor, levied on a man who has no money at all, is necessarily excessive when it means in reality that he must be jailed for a period far longer than the normal period for the crime. . . . To make it worse, this fine is to be served out at the absurdly low rate of $1 per day in a state where the Legislature has recently imposed a minimum wage of $1.50 per hour."

But the court said that every judgment condemning a defendant to prison for not paying a fine was not illegal.

"We do hold," the opinion said, "that when payment of a fine is impossible and known by the court to be impossible, imprisonment to work out the fine, if it results in a total imprisonment of more than a year for a misdemeanor, is unauthorized by the code of criminal procedure and violates the defendant's right to equal protection of the law and the constitutional ban against excessive fines."

Lawyers said that the sweeping language of the opinion made it clear that the ruling would apply to felonies as well as to misdemeanors.

Although today was the first time the court had ruled on the constitutionality of the stop-and-frisk statute, it upheld the principle of such practices in 1964 in a case that arose before the law was passed. Thus the court had justified the practice under the common law and without the necessity of a statute.

The United States Supreme Court has not ruled on the validity of stop-and-frisk laws. Judge Stanley H. Fuld, who also dissented in today's cases, took note of this and said:

"Until the Supreme Court has authoritatively decided that 'reasonable suspicion' justifies a search without a warrant and that the police may 'frisk' a suspect without probable cause, I adhere to the views I expressed [previously]."

Judge Fuld was the lone dissenter in the 1964 case.

The majority wrote an opinion in only one of the two stop-and-frisk cases decided today. This was the case involving the burglary tools. Briefly, as explained by Judge Kenneth B. Keating, the facts were these:

On July 10, 1964, Samuel Lasky, for 18 years a patrolman in the New York City Police Department, stepped out of his shower and heard a noise at the front door of his Mount Vernon apartment house. He looked through a peephole and saw two men tiptoeing down the hallway. He called the police, put on street clothes, took a pistol and followed the two men down the stairway.

Mr. Lasky apprehended John Francis Peters, who became the defendant in the case, between floors and asked him what he was doing there. Peters said he was looking for a girl friend, whom he would not identify on the ground that she was married.

BURGLAR TOOLS FOUND

Mr. Lasky then searched him for a weapon, felt something hard that "could have been a knife" and withdrew a plastic envelope from Peters' pants pocket.

This envelope turned out to contain a number of burglar tools. It was on the basis of these tools that Peters was convicted. The building in which he was seized had not been burglarized and apparently the second man got away.

In the other case, the facts must be gleaned from Judge Van Voorhis's dissent, since there is no majority opinion, the conviction of the defendant, Nelson Sibron, merely being affirmed by a 5-to-2 vote.

According to the dissent, a policeman searched Sibron after he had watched him talk with known narcotics addicts. The policeman said he had put his hand into Sibron's pocket to check for a dangerous weapon, but instead had found heroin.

Judge Van Voorhis was openly skeptical that the policeman had been looking for a weapon, pointing out that the policeman first had said to Sibron: "You know what I am looking for."

"If we go beyond [frisking for a weapon]," Judge Van Voorhis wrote, "then frisking a suspect, which can be done in practice (though not in theory) at the officer's whim, will become a pretext for the general search of the person, without probable cause, which the Fourteenth Amendment was designed to prevent."

The judge said that if these kinds of practices were permitted ". . . we shall have progressed a considerable distance toward the police state."

The court also upheld today the conviction of Ralph Berger, a Chicago public relations man, for conspiracy to bribe a state liquor authority official to obtain liquor licenses for the Playboy Club in New York City.

The court split, 5 to 2, in affirming the conviction, but issued no opinion.

Chief Judge Desmond and Judge Fuld dissented on the ground that electronic eavesdrops, which had been used, were unconstitutional "as a physical intrusion into private premises and as a 'general search' for evidence."

[From the New York Times, July 11, 1966]

NICKERSON ATTACKS GOVERNOR ON S.L.A. "SCANDAL"

(By Clayton Knowles)

Governor Rockefeller was accused by Nassau County Executive Eugene H. Nickerson yesterday of having "tolerated a scandalous situation" in the State Liquor Authority.

Mr. Nickerson, who is seeking the Democratic nomination for Governor, noted that the situation led to a string of indictments and the conviction of a former Republican state chairman, L. Judson Morhouse.

"It was an open and notorious situation in which a person had to go to a Republican-oriented lawyer to get a liquor license," Mr. Nickerson said. "It was general knowledge that the situation in the S.L.A. stank, and the Governor tolerated it."

A spokesman for the Governor, who is now vacationing in France, said there would be no comment on Mr. Nickerson's accusation nor on a further charge by City Council President Frank D. O'Connor, another Democrat hopeful of the Governorship, that Mr. Rockefeller and Mayor Lindsay shared responsibility for killing the 15-cent subway fare in New York City.

In linking both as the men "who killed Cock Robin," Mr. O'Connor hit far harder at Mr. Lindsay.

He asserted that the Mayor had in hand during the Governor's "summit" talks on city taxes, an opinion from Corporation Counsel J. Lee Rankin stating that city funds could not be transferred to save the 15-cent fare without the approval of the Legislature. The talks ended June 17.

Mr. Lindsay has maintained that he first received the Rankin opinion July 2, after he had requested it. The Transit Authority, given a similar opinion that weekend, raised the fare to 20 cents, effective at midnight last Monday.

"This is not idle supposition," said Mr. O'Connor, a participant in the summit meeting. "I am not making this claim lightly."

In another development in the competition for the Democratic nomination for Governor, Monroe County delegates to the state convention, organizing formally tonight, are understood to be preparing a strong endorsement of Howard J. Samuels, millionaire upstate industrialist.

Franklin D. Roosevelt Jr., the fourth of the active candidates for the nomination, said on "Let's Find Out," a WCBS radio program, that he was the only one of the group "who can beat Nelson Rockefeller." Without him, he said, the party is "in trouble."

The other candidates, in the interviews and telecasts, agreed with Mr. Roosevelt's statement that Mr. Rockefeller would be tough to defeat. But, while expressing confidence individually of getting the nomination, they stopped short of saying they were the only ones who could beat him.

Mr. Nickerson conceded that Mr. Rockefeller "can mobilize a lot of support as Governor, has unlimited funds and gets a lot of Madison Avenue help." But he noted that the Governor was vulnerable, that he was in Europe "when a Governor's Conference was meeting that dealt with many things affecting our state."

It was at this point in the WCBS-TV "Newsmakers" program that Mr. Nickerson was asked if he sought to involve Mr. Rockefeller in the Liquor Authority scandals.

He responded that the Governor "tolerated, knew all about and did nothing" about the bad situation in the S.L.A. Asked how he knew the Governor knew, Mr. Nickerson declared:

"He would have to be awful dumb if he didn't. Governor Rockefeller just doesn't care. He has spent little time in the state—two days a week at Albany, until election time rolls around—and he just let this thing slide."

If he had been Governor, Mr. Nickerson said, he would have "gone in and fired people" to correct the situation.

Mr. Nickerson and Mr. O'Connor had varying views on their strength. The Nassau County Executive said that if the convention were held at this time, he would have about 350 delegate votes on the first ballot, "though I have sought no commitments."

By contrast, the Council President argued on the WNBC-TV program "Searchlight" that he would be nominated at this time, "with at least 600 votes." His claims, which have been made previously, have been discounted by rivals. The necessary majority in the convention is 573 votes.

Mr. Roosevelt has only 12 votes openly pledged to him, but he appeared as confident as Mr. O'Connor yesterday that he would win a first-ballot nomination on the basis of strong support among minority groups.

[From the New York Times, July 15, 1966]

PERJURY CHARGED TO EX-LIQUOR AIDE

A 58-year-old former investigator for the city's Alcoholic Beverage Control Board was indicted yesterday on charges he had impeded the long-run New York County grand jury inquiry into corruption in the State Liquor Authority.

The man, Sidney Appel, now a motel operator in Rockville, Md., was named in a four-count true bill that covered two counts each of perjury and criminal contempt.

Assistant District Attorney David A. Goldstein said Mr. Appel had hamstrung the grand jury in its investigation of a purported $4,500 bribe sought to get a liquor license for a Harlem bowling alley.

Mr. Appel, who served on the board for 28 years as an $8,000-a-year investigator, was dismissed in April, 1963, when he refused to sign a waiver of immunity before a grand jury.

Following the indictment Mr. Appel was arrested at the Colonial Manor Motel in Rockville and released in $2,000 bail pending disposition of extradition proceedings.

[From the New York Times, Sept. 1, 1966]

MORHOUSE'S NAME STRICKEN FROM STATE ROLL OF LAWYERS

ALBANY.—The name of L. Judson Morhouse was stricken from the state's roll of lawyers today. Mr. Morhouse, the former Republican state chairman, has been convicted of bribery.

The State Supreme Court's Appellate Division, Third Department, announced a unanimous decision that the 51-year-old Morhouse was "no longer competent to practice law."

State law provides that the names of lawyers convicted of felonies shall be dropped from the list of practitioners.

Morhouse, a resident of Ticonderoga, was admitted to the bar 27 years ago.

He was sentenced last June to serve two to three years in prison after the state labeled him a wholesale peddler of political influence who made $131,000 in a variety of deals. The sentence has been stayed, pending an appeal.

[From the New York Times, Nov. 26, 1970]

MORHOUSE LOSES TOP STATE APPEAL

ALBANY.—The Court of Appeals unanimously agreed today that the Playboy liquor-scandal trial conviction of L. Judson Morhouse, former Republican state chairman, had not been tainted by electronic eavesdropping.

Morhouse had challenged the validity of his conviction on the ground that his constitutional rights were violated by the eavesdropping.

The 56-year-old Republican, who lives at Ticonderoga, was convicted in 1966 of bribery and the taking of unlawful fees. He was sentenced to not less than two nor more than three years in prison. He has been free on ball pending the outcome of appeals.

The state's high court submitted no opinion today in reaching its 6–0 decision to uphold the findings of the Appellate Division. Associate Justice Charles Breitel took no part in the determination.

Three years ago, the Court of Appeals, in a 4–3 decision, sent the case back to the lower courts for a determination of the eavesdropping question. Attorneys for Morhouse contended that the electronic surveillance had been authorized under a state law subsequently ruled unconstitutional.

The trial court, after receiving the case from the Court of Appeals, decided that the evidence was not tainted. The Appellate Division agreed with this finding.

[From the New York Times, Dec. 24, 1970]

MORHOUSE GIVEN COMMUTED SENTENCE

ALBANY.—Governor Rockefeller today commuted the sentence of L. Judson Morhouse, the former Republican State Chairman, who was convicted four years ago in connection with the issuance of a liquor license to the Playboy Club in New York City.

Morhouse, 56 years old, of Ticonderoga, is reported to be seriously ill. Mr. Rockefeller noted that physicians had stated that imprisonment would place Morhouse's life in serious danger and could cause his death.

The commutation means that Morhouse will not have to serve time in prison. He will be subject, however, to parole supervision for the remainder of his sentence.

Mr. Rockefeller also commuted the sentences of three other men who had been convicted of murder. The commutations were traditional Christmas grants of executive clemency.

Morhouse was convicted in 1966 of bribery and taking unlawful fees. He was accused of aiding others to give bribes to Martin C.

Epstein, former chairman of the State Liquor Authority, and of helping Epstein to receive unlawful fees.

PAROLED AFTER 6 DAYS

He was sentenced to two to three years in prison while the case was being appealed in higher courts.

Just last month, the Court of Appeals upheld the eavesdropping methods used by the Manhattan District Attorney to gather evidence against Morhouse.

The ruling, in effect, upheld the conviction, but Morhouse remained out of prison pending an appeal to the United States Supreme Court.

Morhouse, a lawyer, became G.O.P. state chairman in 1954 and resigned in 1962 because of a bribe scandal. After his conviction, he was barred from practicing law.

Others receiving commuted sentences from the Governor were:

[From the New York Times, Mar. 6, 1973]

STATE REPAYS CITY $133,000 FOR PROSECUTION OF MORHOUSE

New York State gave the city a check yesterday for $133,000 to cover the costs of the city's investigation and prosecution of L. Judson Morhouse, former Republican state chairman.

The payment marks the first time, according to officials here and in Albany, that the state has complied with a little-known section of the State Constitution. It calls for it to pay all local costs incurred in prosecuting a bribery case involving a state official.

Morhouse held two state posts before his conviction. He was vice chairman of the State Thruway Authority and chairman of the Lake George Park Commission.

The state's payment was disclosed yesterday by Manhattan District Attorney Frank S. Hogan, who prosecuted Morhouse on bribery charges following a lengthy investigation of corrupt practices in the State Liquor Authority.

After the Court of Appeals upheld Morhouse's conviction in 1970, Mr. Hogan began legal proceedings to receive state compensation for expenses in the case.

"The Mayor should be calling me any minute now to thank me for this windfall," the District Attorney said, laughing.

Morhouse, long a powerful figure in state Republican policies, came under investigation by the Manhattan District Attorney's office in 1962 in its inquiry into the State Liquor Authority.

In 1966 he was convicted of bribing a public official—Martin Epstein, chairman of the S.L.A.—and of taking unlawful fees. Morhouse served his three-year sentence because Governor Rockefeller granted executive clemency in 1970 on the ground that the defendant was too ill to go to prison.

In applying for reimbursement of expenses, District Attorney Hogan invoked Article 13, Section 13b, of the State Constitution. Last May the State Legislature authorized the $133,000 payment in its annual budget, and yesterday morning the check arrived at the City Controller's office in the Municipal Building.

APPENDIX F

[From the New York Times, Dec. 8, 1965]

ONCE A G.O.P. POWER

For the last three years, Lyman Judson Morhouse has been almost a mystery figure in his home community of Ticonderoga, N.Y., in contrast to his former public status as Republican state chairman. Mr. Morhouse, who was indicted yesterday on charges of bribery and conspiracy in the State Liquor Authority scandals, is now seldom seen at political and social functions and in the Essex County courtrooms where he once had a thriving practice. "We don't see much of him, anymore," an old friend said yesterday. "He lives out near Lake George and I guess he spends all his time fishing and hunting."

Mr. Morhouse, who is known to many state Republicans as Jud, has been mentioned prominently during the liquor investigation that has periodically rocked the state since January, 1962.

SET A PARTY RECORD

Mr. Morhouse's days as a major power in Republican state politics came to an abrupt end on Dec. 27, 1962, when he resigned the state chairmanship only three months after he had been elected to a fifth two-year term, a party record.

* * * * *

Then, by engineering the selection of Nelson A. Rockefeller as his party's candidate and by leading the successful 1958 campaign, he became a respected and popular political leader. His election to a fifth term as chairman was testimony to his reputation as a successful politician.

Mr. Morhouse was born on March 21, 1914, in Proctor, Vt., the son of a Y.M.C.A. secretary active in boys' camp work. He attended five public and two preparatory schools in Massachusetts and Rhode Island. His New England origin still shows in a tendency to speak of the Republican "party."

STUDIED IN LAW OFFICE

He worked his way through two years at Middlebury College, then went to work in the Ticonderoga law office of County Attorney Elmer J. Vincent. Five years later, he qualified for the bar and began practice in Ticonderoga.

Mr. Morhouse lost his first bid for elective office in 1938 when he ran for Justice of the Peace. Two years later he won a race for the same job and five years later was elected to his first term as a Republican Assemblyman from Essex County.

After serving in the Assembly for six years, he resigned to become executive director of the New York Good Roads Association, a private group dedicated to improving highways. From that job he went on to become Republican state chairman. * * *

APPENDIX G

[From the New York Times, Nov. 15, 1974]

TESTIMONY BY ROCKEFELLER RAISES A MORHOUSE ISSUE

(By Ralph Blumenthal)

Sworn testimony yesterday by Vice President-designate Nelson A. Rockefeller on how he dealt with a $100,000 possible bribe offer to L. Judson Morhouse conflicts with another account and raises new questions about a race track bribery case, that is still mysterious after 15 years.

David Goldstein, the assistant district attorney who investigated the case a decade ago, said yesterday he had never been aware of a meeting that Mr. Rockefeller told the Senate Rules Committee he had had with Mr. Morhouse on the $100,000 offer. The meeting took place at a Republican fund-raising dinner in 1959.

Mr. Goldstein, now in private law practice, declined to say how knowledge of the meeting might have affected the case.

Testifying at the second day of his reopened confirmation hearings, Mr. Rockefeller disclosed that Mr. Morhouse, then the Republican state chairman, informed him in a huddle at the dais that "friends" had provided $100,000 in cash in a shoebox or paper bag, ostensibly as a contribution to the party. Mr. Rockefeller said yesterday that he immediately ordered Mr. Morhouse to return the money.

CONFLICT IN DATES

However, the date established for the dinner, June 4, 1959, does not coincide with previous testimony in the case—that is, that a month earlier Mr. Rockefeller ordered the money returned.

Mr. Morhouse was later convicted on bribery charges in another case, involving the illicit purchase of a liquor license for the Playboy Colub here. His two-to-three year sentence was commuted by Governor Rockefeller in 1970.

The case concerned an effort by two sports concessionaries—James and John Nilon of Pennsylvania—and a racketeer, Joseph Cataldo, to promote a Finger Lakes racetrack in Farmington, N.Y., beginning in 1958.

After the Republicans under the newly elected Governor Rockefeller ousted, the Democratic state administration, the track promoters sought to make a $100,000 contribution of some kind to the new administration or figures in it to advance their application for a license.

1965 TRIAL RECALLED

The account emerged at the trial in 1965 of former Assemblyman Hyman E. Mintz of Sullivan County and two associates, Morris Gold and Carl Kaplan that case grew out of an attempt to bribe a detective in the Manhattan District Attorney's office to obtain information on the racetrack bribery investigation. All three were later convicted on various charges.

In the trial, Mr. Gold, a Sullivan County Republican leader, testified that he had received $100,000 from the Nilons to pass on as a "political contribution," presumably to expedite the racetrack license. Mr. Gold testified he had turned the money over to Assemblyman Mintz in Florida for transmittal to Mr. Morhouse, who was waiting in a Miami Beach Hotel.

According to Mr. Goldstein, an assistant district attorney in Frank Hogan's office who two years ago related the case to a subcommittee of the House of Representatives, the information was that Mr. Morhouse in turn was to give the money to a public official. The official has never been identified.

Mr. Gold testified that on April 11, 1959, Mr. Mintz told him he had turned the $100,000 over to Mr. Morhouse and that Mr. Mintz said, "We sweated counting the money."

However, Mr. Gold went on; he was told on May 5, 1959 by Mr. Mintz that the Assemblyman had been summoned by Mr. Morhouse and told to return the money. "The Governor got wind and doesn't want no part of this—give it back," Mr. Gold said he was told.

BANK RECORDS

The next day, May 6, according to bank records introduced at the trial, the money was returned to a safe-deposit box and on May 12, other records and testimony showed, the Nilons came and took the $100,000 back.

In his testimony yesterday, Mr. Rockefeller said he learned of the $100,000 offer at his first Republican fund-raising dinner—later dated by his spokesman, Hugh Marlow, as June 4, 1959—at the Waldorf-Astoria Hotel.

Mr. Rockefeller testified: "At dinner behind the second tier at the dais a little huddle was held. I was informed by Mr. Morhouse someone had given him a shoebox, it could have been a paper bag."

Also in the "huddle," Mr. Rockefeller recalled, were State Attorney General Louis J. Lefkowitz and Lieut. Gov. Malcolm Wilson.

Mr. Rockefeller said Mr. Morhouse identified the source of the $100,000 only as "friends" and not as racetrack promoters. He said he ordered: "Tell that guy to get the money back and get it back to the people from whom it came."

He added: "Mr. Morhouse accepted the assignment and reported back to me later it was given back."

Mr. Rockefeller said that he did not regard what he took to be a political contribution to his party chairman as a crime and so he never hought legal action.

Hearings Before the Select Committee on Crime, House of Representatives, 92d Congress

ORGANIZED CRIME IN SPORTS—RACING

STATEMENT OF DAVID GOLDSTEIN, ATTORNEY, NEW YORK, N.Y.

(Having been duly sworn by Mr. Waldie.)

Mr. WALDIE. Counsel, will you please continue?

Mr. PHILLIPS. Mr. Goldstein, could you tell us what your present occupation is?

Mr. GOLDSTEIN. I am an attorney in private practice in New York City.

Mr. PHILLIPS. In 1967, were you assistant district attorney in New York County?

Mr. GOLDSTEIN. I was.

Mr. PHILLIPS. Did you have a specific assignment in New York County at that time in relation to rackets investigations?

Mr. GOLDSTEIN. I was assigned to the Rackets Bureau of the New York County District Attorney's Office whose function was to investigate and prosecute organized crime and public corruption.

Mr. PHILLIPS. In relation to that assignment, did you conduct an investigation in relation to a racetrack in the State of New York?

Mr. GOLDSTEIN. The New York County District Attorney's Office did conduct an investigation concerning the Canadaigua or Fingerlakes Racetrack, and I was assigned to conduct that investigation.

Mr. PHILLIPS. Could you tell us whether or not organized crime and official corruption were unearthed in that investigation?

Mr. GOLDSTEIN. It certainly was.

Mr. PHILLIPS. Would you tell us about the investigation, please?

Mr. GOLDSTEIN. Yes. In 1963, Detective Carl Bogan, a New York City police officer, assigned to the New York County District Attorney's Office squad, transmitted information to the office that he had received from a confidential informant that a payoff of $50,000 had been made in the State of Florida to a representative of a certain public official for the latter's intercession in the granting of a racetrack license to the Canandaigua Racetrack, which became located in the County of Ontario, town of Farmington, in upstate New York, somewhere near Rochester, N.Y., as a matter of fact, near exit 44 on the New York State Thruway.

We conducted an investigation to determine whether there was any validity to this information and we found that there were various "payoff" situations involving both Democrats and Republicans, and there was some underworld influence in connection with proposed stock ownership and obtaining persons who were supposed to be acceptable to the New York State Racing Commission.

The first information that we developed was that a certain underworld figure in New York City by the name of Joseph Cataldo had come to an understanding with people who were interested in promoting this track that he would receive a "finder's fee" of $100,000 for having obtained a person, one John Maguire, who was acceptable to the New York State Racing Commission.

Mr. PHILLIPS. You say Cataldo was an underworld figure?

Mr. GOLDSTEIN. Yes.

Mr. PHILLIPS. Do you know what he is doing now?

Mr. GOLDSTEIN. Well, like one of your witnesses said the other day, he is doing time in Lewisburg Penitentiary. I believe he has been convicted of a stock fraud.

Mr. PHILLIPS. You say he received $100,000?

Mr. GOLDSTEIN. I didn't say that he received it. I said that allegedly he had come to an understanding with certain persons who were promoting this track license application that he would receive $100,000 in cash for having obtained a person acceptable to the racing commission to go on the license. He never did in fact, as far as we know, get the $100,000. We heard later that the $100,000 cash promised had been changed to a stock promise; that he was supposed to get some stock in the track.

Eventually, I understand that he and a conventurer of his sued the track corporation and various individuals connected with the track.

I understand further that that law suit for an alleged $100,000 finder's fee was compromised by settlement and the total amount of $15,000 had been paid.

Mr. Cataldo is known in New York City to be an associate of many well-known underworld figures, such as Joseph "Socks" Lanza, who is now deceased. As a matter of fact, I have in my possession today a photograph taken of Mr. Cataldo and Mr. Lanza at a wedding in October 1963 that the committee might have some interest in. He was also an associate of Matty "The Horse" Iannello, Anthony "Tony Bender" Strollo, Anthony "Tony Ducks" Corallo, Santo Trafficante, Meyer Lansky, Vito Genovese, Tommy "Ryan" Eboli and John "Sonny" Franzese.

Mr. PHILLIPS. You say there were a number of payoffs involved in this particular investigation. Can you tell us generally what these payoffs were and can you detail them for us, please?

Mr. WALDIE. Is a finder's fee illegal in New York?

Mr. GOLDSTEIN. Not to my knowledge, if it is a legitimate finder's fee. If it involved a real estate brokerage transaction, then I suppose the man would have to be licensed under State law.

Mr. WALDIE. Was the finder's fee in this instance an illegal transaction?

Mr. GOLDSTEIN. Not to my knowledge.

Mr. WALDIE. It didn't involve a real estate transaction, it involved getting someone satisfactory to the commission on the license. Is that a legal transaction in New York?

Mr. GOLDSTEIN. I purposely used the term "finder's fee" in quotes because that is the term that had been used by Mr. Cataldo when he sued for $100,000. If there is any illegality involved, it might have involved the undisclosed ownership of the stock in a racing association which the commission might not have granted if they knew he was going to be the owner of the stock.

Mr. WALDIE. I guess the question I am asking is: Can a man in New York today go to another man in New York and say, "If I get you a name satisfactory to the racing commission to be on the license, I expect a fee and you will pay it"?

Would that be a legal offer, a legal acceptance and a legal contract?

Mr. GOLDSTEIN. I would suppose it would be legal.

Mr. WALDIE. Thank you.

Mr. GOLDSTEIN. Mr. Phillips, you asked about the investigation and what is disclosed in terms of payoffs.

On a realtively smaller scale, the first information that we developed was that payoffs had been made to the secretary of the racing commission in New York State sometime starting in 1956, over a long period of time, and the payoffs were for the purpose of obtaining information from a person, namely the secretary to the racing commission, as to what the thinking of the racing commission was in terms of who was going to get a license.

We developed evidence that certain checks, payable to cash, had been endorsed by the secretary of the racing commission and, as a matter of fact, we found later that a corporation had been formed and the secretary of the racing commission was on the payroll of this corporation. The corporation was owned by one of the promoters of this track license.

Mr. PHILLIPS. Was there a $100,000 payoff?

Mr. GOLDSTEIN. There were smaller payoffs, in the hundreds of dollars; $100 at a time. Maybe a total of whatever the salary was from the corporation, several hundreds of dollars.

Mr. PHILLIPS. Did there come a time when a $100,000 or $125,000 payoff was uncovered?

Mr. GOLDSTEIN. There were two $125,000 figures. The first payoff that we learned about was an alleged payoff, or bribe, of $125,000 represented to be going to Carmine DeSapio who was then the Democratic State chairman in New York and secretary of state of the State of New York.

I might add that the division of the State racing commission is under the jurisdiction of the secretary of state's office in the State of New York.

In the course of developing evidence of this alleged $125,000 payoff we had witnesses who testified that they had paid a total of $25,000 to an attorney who has since been disbarred in connection with another matter, and was convicted of various crimes. This was the man who had made the representations that the money was going to Carmine DeSapio.

Concerning the other $100,000, making a total of $125,000, when this lawyer requested the other $100,000, after he had received a total of $25,000, he was told that the money was available but would not be passed unless and until the license was issued.

The lawyer said that he wanted to see the money to make sure that the money was available for the payoff. So a gentleman by the name of Walter Troutman, who was a sportsman and a rather wealthy man and who was friendly with one of the applicants for the track license, was called upon to put up $100,000 in cash, which he took out of a bank account and in fact made a loan to make a total of $100,000, and it was placed in a safe deposit box for 3 days in early September 1958.

During that 3-day period this lawyer went to the box and viewed the money, requested it and was told it was not available until the license was issued. He left after seeing that money.

You might recall that in November 1958 there was an election in the State of New York and the Harriman administration was defeated by the Rockefeller administration. Governor Rockefeller won the election in November 1958. A man by the name of Morris Gold, who was a Republican politician and a plumbing and heating contractor in upstate New York, was interested in this track license because he had loaned approximately $32,500 to one of the promoters of the track. The inducement for the loan, in addition to the hope of receiving interest on the money, was that he would get the plumbing and heating contracts for the track when it was going to be built, and would also get some stock in the track.

After the 1958 election, Mr. Gold let it be known that the $125,000 payoff which was supposed to go to the Democrats, or to Carmine De Sapio, was on the wrong horse and that the money had to go to the Republicans.

Sometime in early 1959, there were two brothers by the name of John and James Nilon, who were food and beverage concessionaires living and working in Chester, who came upon the scene. They were interested in getting the food and beverage concessions at the Canandaigua track.

They were called upon to put up some money for this payoff that was supposed to go to L. Johnson Morhouse, who was then the chairman of the State Republican committee in the State of New York.

On April 7, 1959, a meeting was held in the Belmont Plaza Hotel in New York County. At this meeting Mr. Gold, a New York State assemblyman named Hyman Mintz and John P. Maguire, Jr., one of the applicants for the track license, were also present. Mr. Gold and Mr. Mintz represented

at this meeting that the license was about to be issued to the Maguire group and that in order to assure getting the license, $100,000 in cash would have to be paid immediately, and that Mr. Gold and Mr. Mintz were going to deliver this money to Mr. Morhouse in the State of Florida. There was an additional $25,000 requested to make a total of $125,000. But at that time only $100,000 was immediately requested.

A telephone call was placed on the night of April 7, 1959, to the Nilon brothers in Pennsylvania, and they agreed to deliver the money to the State of Florida.

On April 8, 1959, Assemblyman Mintz, Mr. Gold, and another person, went to the State of Florida and checked into a hotel in Miami Beach, the Carillon Hotel. The Nilon brothers, John and James Nilon, went to the Eden Roc Hotel in Miami Beach in the State of Florida on April 8, 1959, with their attorney. Before leaving their home in Pennsylvania, John Nilon went to his safe deposit box in the Fidelity Philadelphia Trust Co. in Ridley Park, Pa.

We have a record of access to that box showing that on April 8, 1959, at 9:24 a.m., John Nilon made an entry into his box. We also have a record of a wire order from the Federal Reserve Bank of Philadelphia dated April 8, 1959, indicating that $100,000 in cash was transferred from the Federal Reserve Bank of Philadelphia on behalf of the Fidelity Philadelphia Trust Co. to the Federal Reserve Bank in Atlanta, Ga., which covered the Florida area, and it was for the account of the Metropolitan Bank of Miami.

In others words, $100,000 was transferred on April 8, 1959, to the State of Florida from the State of Pennsylvania on behalf of the Nilon brothers.

There was a meeting on April 8, 1959, at the Eden Roc Hotel between Messrs. Gold and Mintz, and certain other persons, and the Nilons. The Nilons refused to turn over the money because the license had not been isssued, even though they had been assured by Messrs. Mintz and Gold that the license was going to be issued imminently and it would go to the Maguire group.

In any event, the Nilons did not turn money over to Gold on April 8, 1959, and left and went back to the State of Pennsylvania.

We never were able to discover any record of that $100,000 going back from the State of Florida to the State of Pennsylvania, although there has been testimony and if the Nilons appear here I assume their testimony will be consistent with what it was in the past, that they directed that the $100,000 be returned from the State of Florida to Pennsylvania. We were never able to document this.

Under the laws of the State of New York—Title 21, entitled, "Racing, Unconsolidated Laws of the State of New York" a certificate of incorporation of a corporation formed "for the purpose of raising and breeding and improving the breed of horses * * *" which corporation claims the right to conduct running or steeplechase race meetings, must be approved by the New York State Racing Commission before filing with the secretary of state of the State of New York (see sec. 7001, Unconsolidated Laws of New York).

On April 9, 1959, the New York State Racing Commission approved the filing of the certificate of incorporation of the Finger Lakes Racing Association, Inc.—the Maguire group—in the secretary of state's office of the State of New York.

Thereafter, the corporation filed for approval of a license to hold, maintain, and conduct race meetings (see sec. 7909, Unconsolidated Laws of the State of New York) and to conduct parimutuel betting on the races (see sec. 7953, Unconsolidated Laws of the State of New York), which licenses were approved in January 1962.

On April 10, 1959, Morris Gold flew to the State of Pennsylvania where he received $100,000 in cash from the Nilon brothers and delivered it to the State of Florida where he, in turn, delivered it to Assemblyman Mintz. Assemblyman Mintz told Mr. Gold that he was going to the Americana Hotel to deliver this money to L. Judson Morhouse, who he represented was on vacation there with his wife. We obtained a hotel registration card from the Americana Hotel documenting the fact that Mr. Morhouse was at the Americana Hotel at this time.

Mr. Morhouse was never questioned about this because he invoked his constitutional privilege against self-incrimination at some later time in the investigation, and he had already been indicted in connection with a State liquor authority investigation involving the Playboy Clubs in New York City. He was subsequently convicted of the State liquor authority bribery charge.

After the money had been passed to Assemblyman Mintz, and after Mintz had represented that he had delivered it to Mr. Morhouse, sometime in early May of 1959, Assemblyman Mintz and Morris Gold drove to the city of New York and after Mr. Mintz left Mr. Gold's company for a short time he came back with $100,000 in cash in a paper bag. He told Mr. Gold that Mr. Morhouse had returned the money.

When Mr. Gold asked for an explanation, Mr. Mintz told him that all that Morhouse had told Mr. Mintz was that the Governor had found out about this and when Mr. Morhouse was questioned about it, had reported that a political contribution of $100,000 in cash had been made by the Nilon brothers.

The Governor allegedly told Mr. Morhouse to give the money back under those circumstances.

Mr. Gold had this money and he returned to the Sullivan County area in upstate New York where he came from. His home is up there and his business is up there. He placed it in a safe deposit box. Shortly after that time the Nilons indicated they were going to come up and pick up the money. On the day that they were to come to pick up the money, Mr. Gold received a telephone call from none other than Joseph Cataldo, the underworld figure who I have referred to before.

Mr. Cataldo said, "I understand that the Nilons are coming to pick up their money. Let's talk about it before you give it back." So a meeting was held in a restaurant at the Harriman exit of the New York State Thruway which was halfway between the New York City area and the Sullivan County area, where Mr. Mintz and Mr. Gold came from.

At this meeting, Assemblyman Mintz and Gold met with Cataldo and certain other persons. Cataldo tried to persuade Gold not to give the money back, indicating that one Harris Osman, one of the promoters of the track, owed money to Gold and the track owed money to Cataldo for the so-called finder's fee.

In any event, despite these requests, Mr. Gold went back to the Sullivan County area and gave that money back to the Nilons when they came there that day.

Mr. PHILLIPS. The $100,000, as I understand it, was paid to Mr. Morhouse and then ultimately returned when the Governor learned of it?

Mr. GOLDSTEIN. That is what the testimony was, yes.

Mr. PHILLIPS. And the people who were paying this $100,000 wanted a license for a racetrack, is that correct?

Mr GOLDSTEIN. The people who put up the $100,000—namely, the Nilon brothers—wanted the food and beverage concessions, the parking lot concessions, and the program concessions at the track. They couldn't get those concessions unless there was a license.

Mr. PHILLIPS. Can you tell us where the $100,000 in cash came from? Did that come from the Nilon brothers?

Mr. GOLDSTEIN. John Nilon indicated it came from his safe deposit box.

Mr. PHILLIPS. Can you tell us what they were doing with $100,000 in the safe deposit box?

Mr. GOLDSTEIN. I think you had better ask the Nilon brothers.

I would like to explain to you how the approval of the license took place or takes place under the laws of the State of New York.

Mr. WALDIE. May I interrupt you a moment so we don't lose track of the story?

Mr. GOLDSTEIN. Certainly.

Mr. WALDIE. What indictments and convictions were forthcoming from the series of events you just described to us?

Mr. GOLDSTEIN. This whole matter of alleged payoffs and bribes to secure a license application was investigated by a New York County grand jury. In the course of the grand jury investigation, Morris Gold, whom I mentioned, appeared before the grand jury and lied and was indicted, charged with several crimes of perjury.

In addition, at some future time in the course of the investigation, we discovered that some of the principals in the investigation had conspired to bribe a police officer to find out information or grand jury testimony concerning our investigation of the original alleged bribe.

There were indictments against Assemblyman Mintz and a police chief by the name of Carl Kaplan from upstate New York. They were charged with conspiring to bribe a police officer.

Mr. WALDIE. What else?

Mr. GOLDSTEIN. Those were the indictments.

Mr. WALDIE. I gather there were absolutely no indictments against any of the people who put up the $100,000, who sought to buy the license?

Mr. GOLDSTEIN. I think you are leading into a very interesting area. That is, as far as I know, there is no crime in the State of New York for a person to pay money to a person holding political office or even to a public official, so long as that public official is not being influenced in the performance of his official duties.

Our information, as I indicated at the beginning of my testimony, was that the money had been paid to Morhouse as a representative of a public official for the purpose of inducing the public official to intercede in the granting of a racetrack license. If we had been able to establish that fact, then we would have had a successful criminal prosecution for that crime.

But if the fact was that the money only went to the person holding a political office and he used his influence to influence a public official in the performance of his duties, it would not be a crime.

I would say if you were to ask me whether I would recommend any legislation in this area. I would like to see that to be a crime if it was within constitutional standards.

Mr. PHILLIPS. A payment to the State chairman of the party is not a crime in New York?

Mr. GOLDSTEIN. Not for the purpose of using his influence to influence some other public official who might be a party member in the performance of the other public official's duties; no, it is not a crime, to my knowledge.

Mr. WALDIE. Do you mean that even though you were able to establish as a fact that men got together $100,000 for purposes of procuring a racing license, that a crime of conspiracy does not occur at that point?

Mr. GOLDSTEIN. Conspiracy is no more than a legal term for an unlawful agreement. It must be an agreement to commit an unlawful act.

Mr. WALDIE. Wasn't the unlawful act to buy a racing license?

Mr. GOLDSTEIN. The act that these people had agreed to do, so far as we could establish by testimony from live witnesses, was that they agreed to pay a sum of money on the representation it was going to Mr. Morhouse, who was the chairman of the State Republican committee, a political office. That would not be a substantive crime nor a conspiracy to commit a crime.

Mr. WALDIE. But you told us they agreed to pay it to him because DeSapio was the wrong horse and they better switch horses if they wanted their license. I gather you were not speculating but you were basing that on some evidence. Am I incorrect?

Mr. GOLDSTEIN. The important factor would be the name and office of the ultimate recipient of the money.

Mr. WALDIE. Let me place the facts before you hypothetically as I understood them as presented by you. Men got together $100,000 that was to be given to Carmine DeSapio to influence the public official that grants the racing licenses in order that this group would get the license.

At some later point in the passage of time, it looked like Rockefeller rather than Harriman was going to win the election, so they switched signals and said, "We will now get on a different horse, not DeSapio. You better get on with Morhouse." So they went through acts, not guesses, but acts, of getting money out of banks, transporting it to Florida, taking it to hotels. Isn't that a conspiracy to commit a crime?

Mr. GOLDSTEIN. Not if the ultimate recipient of the money is a person holding a political office. It has to be a public official being influenced in the performance of his own official duties.

Mr. WALDIE. Was it your understanding that the ultimate recipient was never to be the person who was granting the license?

Mr. GOLDSTEIN. Our original information was that the ultimate recipient was some person other than the person holding political office. However, we were never able to establish that.

Mr. WALDIE. Do I understand you are going to a different subject now, you are leaving this subject?

Mr. GOLDSTEIN. There are some other subjects that may have the effect of answering some of your questions.

Mr. WALDIE. Will you be testifying about other events than the one just discussed?

Mr. GOLDSTEIN. Yes.

Mr. WALDIE. Are there any questions from the committee on this particular event?

Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

You were present, I believe, this morning when we were talking about political contributions with the previous witness. One of the witnesses told how he contributed routinely, no matter who the candidate or the party was, on request.

Mr. GOLDSTEIN. I don't know that I would characterize it as a political contribution. If it was a true political contribution, it would go into the coffers of the party and not the pockets of the individual.

Mr. STEIGER. What I wanted to do was to make a distinction between what was looked upon by at least the one witness this morning as sort of a routine, minor shakedown for political contributions, in which he didn't even know the principals involved or their party affiliation, and this situation in which the deliberate decision was made as to who the money was to go to and for what purpose.

There obviously is a distinction. You say under New York law if it is a political contribution, it is legal no matter what its intent?

Mr. GOLDSTEIN. No, I don't say that. For example, if a public official told a businessman to make a contribution of $5,000, for example, to his party, and the public official would be influenced in the performance of his duties, I think that that might make out a crime.

Mr. STEIGER. So we have established, as I gather from the recitation of facts, that the money was raised by people who were interested in starting the racetrack at Finger Lakes or Canandaigua.

Mr. GOLDSTEIN. Yes.

Mr. STEIGER. It was raised with the clear understanding from at least one group, the Nilon brothers, that in exchange for this, they were going to get the concessions at the racetrack.

Mr. GOLDSTEIN. Right.

Mr. STEIGER. They couldn't get the concessions unless there was a racetrack. That was looked upon, I suppose, as a cost of doing business. In light of that, and reflecting upon the line of questioning that the chairman has recited, what I want to know is the fact of the money changing hands, the purpose being established, your response to the chairman at that point was that there was still no conspiracy to commit a crime because it was earmarked as a political contribution. Am I correct?

Mr. GOLDSTEIN. No, that is not quite my testimony. If I may try to explain it somewhat further.

Mr. STEIGER. I wish you would.

Mr. GOLDSTEIN. If there is an agreement or understanding to pay a political contribution—to me that means making a contribution of money or something of value to the party—it would go on the books and records of either the Republicans or Democratic Party or whatever party.

Mr. STEIGER. Or a candidate. You do recognize the possibility of contributing to a candidate?

Mr. GOLDSTEIN. Yes, I do.

Mr. STEIGER. And he, in turn, would report it as a campaign contribution.

Mr. GOLDSTEIN. It would be something that would be reported as a matter of record for political purposes.

Mr. STEIGER. So your distinction is if it is reported by either the party or the candidate as a contribution for political purposes, it is a campaign contribution?

Mr. GOLDSTEIN. On its face, that is legitimate. If on the other hand, a public official told a businessman, "Make this political contribution by check, if you will, and I will vote your way," that would constitute a crime, in my opinion, because he would be receiving something of value, or the equivalent of money, as far as the public official was concerned, and he would be influenced in performance of his duties.

The clear case of a bribe is where money passes hands to a public official and he is influenced in the performance of his duties.

In the unclear area, the area I am suggesting, there probably should be some legislation making it a crime. It is the area where money is paid to a person holding political office and it is paid in cash, not as a matter of record, and the only purpose for which the money is paid is to induce that politician, or he could be a public official, but not in the area where the influence is sought.

The only purpose that it is paid is to require that person to make a telephone call or get in touch with the person who is in the position to perform the official duty.

Mr. STEIGER. Thank you.

Mr. WALDIE. Mr. Winn?

Mr. WINN. I have no questions.

Mr. WALDIE. You mentioned that Governor Rockefeller apparently put pressure on Morhouse to give the money back. Is that correct?

Mr. GOLDSTEIN. That is what we were told by one or more witnesses.

Mr. WALDIE. And you accept that as being fact?

Mr. GOLDSTEIN. I wasn't there, and I never spoke to the Governor, so I really can't tell you whether it is fact or not.

Mr. WALDIE. Is Morhouse connected with the Governor?

Mr. GOLDSTEIN. Mr. Morhouse, I understand, is quite ill today. He is no longer connected with State government.

Mr. WALDIE. Was he at the time of these events?

Mr. GOLDSTEIN. Yes. He was the chairman of the State Republican committee.

Mr. WALDIE. The license was granted to the people who raised the $100,000?

Mr. GOLDSTEIN. Yes.

Mr. WALDIE. In your view, was it because they raised the $100,000?

Mr. GOLDSTEIN. In my view, that had a very distinct function in granting that license. As a matter of fact, when I looked at the press release of the racing commission, whereby they informed the public and the media that they had granted the license, they gave three reasons for granting the license in view of the fact that a rival group had also made an application.

The three reasons were: No. 1, that the group that made that payment had applied first; No. 2, that the group who made the payment had sought informal conversations with the racing commission first; and, No. 3, the racing commission claimed that the landsite for their proposed track was better than the other landsite. I wasn't very happy with those reasons.

Mr. WALDIE. So it is your view that the $100,000 that was gathered together was the factor that resulted in the granting of the license?

Mr. GOLDSTEIN. That is my view.

Mr. WALDIE. And it must be your additional view that the quid pro quo failed when it came to the attention of the public, and the $100,000 had to be given back?

Mr. GOLDSTEIN. But the license had already been issued.

Mr. WALDIE. I know. Those who promised the license performed. Those who promised the money didn't perform.

Mr. GOLDSTEIN. That is the effect of it.

Mr. WALDIE. And the reason they didn't perform is because public scrutiny fell upon the transaction?

Mr. GOLDSTEIN. If that be the fact, that would be the result.

Mr. WALDIE. What was the fact? How did it come to the Governor's attention that the chairman of the Republican Party received $100,000?

Mr. GOLDSTEIN. Well, the information that we received was that the Nilon brothers, as a quid pro quo for putting up this money, were to receive all of the concessions at the track; namely, the food and beverage, the program, and the parking concessions. Written contracts were entered into on or about April 10, 1959, the very same day the money was passed. As a matter of fact, the contracts were drawn up in the Nilon's lawyer's office in Pennsylvania on the same day.

As the same time, other directors of the corporation found out about these contracts and they repudiated them. The Nilons were required to renegotiate the contracts. They lost the program concession at that time and they had to change their percentages on their deal with the track.

Our information was that they complained to a Mr. Peu who was an oil man in Pennsylvania, and I believe chairman of one of the political parties in the State of Pennsylvania.

Allegedly, the Nilons prevailed upon him to make contact with Governor Rockefeller claiming that a political contribution had been made and they didn't get what they were supposed to get or something like that.

Mr. WALDIE. So Mr. Peu, who I presume is the chairman of the Republican Party in Pennsylvania——

Mr. GOLDSTEIN. I believe that was his title. He is now deceased.

Mr. WALDIE. Mr. Peu complained to the

Governor of New York that the Governor's party was not performing on the part of the Nilons who had paid the $100,000?

Mr. GOLDSTEIN. I don't know the details of that conversation. This was just information that we had received.

Mr. WALDIE. I have no further questions. Mr. Sandman?

Mr. SANDMAN. When the Nilon brothers lost the program concession, do you know who picked it up?

Mr. GOLDSTEIN. I was just about to get into that, if I may. Morris Gold, who was the man who delivered the $100,000 in cash and I believe it was in a paper bag or an attaché case, on the way down to Florida, he got something out of this. In 1961, he got $44,000 in cash which was listed as a consultant's fee on the books of the general contractor which built that track.

In addition, Morris Gold got the parking concession at the track. The track was built sometime between 1959 and 1962 when they first opened for business. Their first season in 1962 unfortunately was a losing season. They lost $1 million at the track. They borrowed a lot of money from several indviduals, over $1 million worth of funds, loans. These individuals assigned the loans to a bank and the bank was putting pressure on the track prior to the 1963 racing season. As a result, a corporation by the name of Emprise Corp. came into the picture.

In the spring of 1963, Emprise Corp. loaned $1,500,000 to the track in return for 15 percent interest on the money, a $40,000 bonus for giving the loans, and they also got contracts to get all the concessions of the track.

Keep in mind that the Nilons had the food and beverage concession at this time. I think that the Emprise deal with the track was that they would get the exclusive right to have the food and beverage concession upon the termination of the Nilons' contract.

I don't know what the dealings were between Emprise and the Nilons, but I do know as a fact the Emprise people took over the food and beverage concessions at the track, and I believe also the program and parking.

Mr. PHILLIPS. There is one other area, Mr. Goldstein, in relation to this investigation which you conducted, I think in 1964, 1965 and 1966, that I want to inquire about.

Mr. GOLDSTEIN. The investigation started in 1964 and it culminated in 1966 with the trial that I mentioned before of Assemblyman Mintz and Police Chief Kaplan.

Mr. PHILLIPS. They were convicted of what charge?

Mr. GOLDSTEIN. Conspiracy to bribe a police officer.

Mr. PHILLIPS. This investigation in that period of time developed these witnesses who told you about the prior incidents, is that correct?

Mr. GOLDSTEIN. That is correct.

Mr. PHILLIPS. Were there any organized crime elements in that subsequent situation; that is, the conspiracy to kill the investigation, if you want to use that term, into this racetrack situation?

Mr. GOLDSTEIN. Yes. In the course of investigating the original payoff to get the track license, I told you before that the person named Morris Gold had committed perjury and had been indicted for that crime in August 1964.

Shortly after Morris Gold interrupted the start of his trial for three counts of perjury in the first degree, and entered a plea of guilty to one felony count of perjury, on February 1, 1965, the district attorney's office received information that a certain underworld figure had been requested to kill Morris Gold to prevent him from cooperating any further. During the taking of the plea of guilty by the court on February 1, 1965, Gold admitted that he had transmitted $100,000 in cash to Assemblyman Hyman Mintz in Florida in April 1959.

In February 1965, after receiving the information about an alleged plot to kill Gold, it was learned that Carl Kaplan, chief of police of the upstate New York community of Fallsburg, had been introduced to the underworld figure in New York City and had requested him to accompany Chief Kaplan to the State of Florida. Further investigation revealed that Chief Kaplan went to Florida in February 1965, and a telephone call was made from his hotel room to telephone number WA 3-6603 in Hollywood, Fla., listed in the name of Mrs. Phil Kovolick, 1311 Jefferson Street, Hollywood, Fla.

It should be noted that Mrs. Kovolick is the widow of Philip "Spick Farvel" Kovolick, an oldtime underworld figure going back to the days of Louis Lepke Buchalter and Murder, Inc., and also an associate of noted underworld figure Meyer Lansky.

On April 30, 1972, the New York Daily News reported that the decomposed body of Philip Kovolick—who disappeared a year ago after being sought for questioning in connection with a grand jury investigation of police corruption—was found on April 29, 1972, inside a 55-gallon steel drum at the bottom of a rock pit in Hallandale, Fla. Kovolick had been murdered gangland style, with bullet wounds, and his body had been placed with metal bars inside the steel drum which was located by scuba divers at the bottom of a limestone quarry under approximately 40 feet of water.

Mr. WALDIE. Let me interrupt you a moment. You allege that was a payoff but you have not been able to prove it was a payoff.

Mr. GOLDSTEIN. I allege it was because that was the language that was used at the meeting to induce the Nilons to part with the money.

Mr. WALDIE. If that was the language adduced at the meetings, is that not a crime, to conspire to gather together a payoff?

Mr. GOLDSTEIN. Not if it is to a person holding a political office as opposed to a public official who is to be influenced in the performance of his official duties.

Mr. WALDIE. Was it in your view as an attorney a payoff attempt?

Mr. GOLDSTEIN. The information that we had originally received was that the money was going to Mr. Morhouse as a representative of another public official.

Mr. WALDIE. Who was the other public official?

Mr. GOLDSTEIN. I do not know that I would be at liberty to disclose this since it was in the course of a grand jury investigation and no indictments of this public official have even been made. I think that is the very purpose of a grand jury investigation. Unless the facts are public or brought out by indictment or at a trial, it is not appropriate to disclose them.

Mr. WALDIE. Have any indictments been brought against the Nilons?

Mr. GOLDSTEIN. No.

Mr. WALDIE. Why have we discussed their role?

Mr. GOLDSTEIN. The Nilons testified before the grand jury.

Mr. WALDIE. Why are you less considerate of their rights than you are of this undisclosed public figure?

Mr. GOLDSTEIN. Their names had already been disclosed in the prior trial. That was a matter of public knowledge.

Mr. WALDIE. Which prior trial?

Mr. GOLDSTEIN. The trial of Assemblyman Mintz and Police Chief Kaplan.

Mr. WALDIE. But this undisclosed public figure's was not disclosed in that trial?

Mr. GOLDSTEIN. It has never been publicly disclosed.

Mr. WALDIE. And your reason for not publicly disclosing it now is because it was part of a grand jury proceedings and it therefore is entitled to privilege?

Mr. GOLDSTEIN. Yes, and furthermore, we never developed evidence of any wrongdoing on the part of this public official.

Mr. WALDIE. Have you developed evidence of wrongdoing on the part of the Nilons?

Mr. GOLDSTEIN. Yes.

Mr. WALDIE. Have they been prosecuted?

Mr. WALDIE. Have you developed evidence for their testimony.

Mr. WALDIE. By whom?

Mr. GOLDSTEIN. Who did they receive immunity from? The New York County grand jury.

Mr. WALDIE. Immunity from what?

Mr. GOLDSTEIN. Criminal prosecution.

Mr. WALDIE. For what?

Mr. GOLDSTEIN. For any crimes that might have been disclosed by their testimony.

Mr. WALDIE. What crimes were disclosed by their testimony for which they were given immunity?

Mr. GOLDSTEIN. The grand jury was conducting an investigation to determine whether a bribe had been paid to a public official. They sought immunity and received immunity from the grand jury for their testimony.

Mr. WALDIE. Had they not sought and received immunity, would they have been prosecuted?

Mr. GOLDSTEIN. Yes; there is a possibility that they would have been prosecuted for perjury.

Mr. WALDIE. But not for payoff?

Mr. GOLDSTEIN. No.

Mr. WALDIE. Subsequent to their granting of immunity, they were continued as a concessionaire at the racetrack?

Mr. GOLDSTEIN. The Nilons testified in 1964, and I believe the Emprise Corp. made their loan in 1963. I don't know the specifics on this. It is possible the Nilons were not the concessionaires at that time, although I kind of think that they were. I think they were subpenaed at the track and they must have been the concessionaire.

Mr. WALDIE. Would they be able to remain concessionaires when they seek immunity from prosecution of crimes in order to testify under New York law?

Mr. GOLDSTEIN. The only specific answer I can give you, Mr. Chairman, is that if they were licensees, and I take it they were holding a State liquor license for the beverage concession, I am not sure if there is a provision in New York State law which would prohibit them from holding a license for invoking their constitutional privilege.

There are provisions in the State law for removing a public official from office who invokes.

Mr. WALDIE. It is not a constitutional privilege to seek and have granted an immunity. That is not a constitutional privilege at all.

Mr. GOLDSTEIN. To grant immunity under New York law at that time would not take place unless a witness invoked his constitutional privilege. Then the grand jury foreman would have to direct the witness to answer with the consent of the district attorney. That is the way the witness would get immunity.

Mr. WALDIE. But the act of immunity is the act of the prosecutor?

Mr. GOLDSTEIN. It is the act of the grand jury with the consent of the prosecutor.

Mr. WALDIE. Will you find out for my own information and the committee's record as to whether if the man was a licensee of the State of New York at the time immunity was granted him for prosecution of crimes which he committed and if after his immunity was granted and his testimony taken, the crimes revealed, was he continued as a licensee?

Mr. GOLDSTEIN. I certainly will, Mr. Chairman.

(The information requested follows:)

Re Canandaigua Race Track Investigation.

Hon. CLAUDE PEPPER,
Chairman, Select Committee on Crime, U.S. House of Representatives, Washington, D.C.

DEAR CHAIRMAN PEPPER: On May 22, 1972, Congressman Waldie inquired of me during the course of my testimony before your Committee:

Question. "Will you find out for my own information and the committee's record as to whether if the man was a licensee of the State of New York at the time immunity was granted him for prosecution of crimes which he committed and if after his immunity was granted and his testimony taken, the crimes revealed, was he continued as a licensee?"

Presumably, the question was directed at whether or not the Nilon brothers, who were officers of a corporation holding a liquor license at the Canandaigua Race Track, retained their license after receiving immunity from prosecution for any crimes revealed by their testimony before a New York County grand jury which was investigating to determine whether a bribe had been paid to any public officer in order to influence him in the performance of his official duties in connection with the granting of a race track license at the Canandaigua Race Track.

In response to Congressman Waldie's question, I have made inquiry at the New York State Liquor Authority and have researched the law of the State of New York in this area.

At the outset let me state, in direct response to the question, that the Nilons did not lose their liquor license as a result of their testimony before a New York County grand jury given under a grant of immunity requested by them.

THE APPLICABLE LAW

Section 17(3) of the New York Alcoholic Beverage Control Law authorizes the New York State Liquor Authority to revoke, cancel or suspend for cause any license issued under the Alcoholic Beverage Control Law. The New York courts have held consistently that the liquor authority's power to revoke, cancel, or suspend liquor licenses is discretionary.

Section 53.1(g) of the Rules of the New York State Liquor Authority authorizes that agency to revoke, cancel, or suspend a liquor license where the licensee has been convicted of a felony crime or of certain specified misdemeanors.

Section 53.1(o) of the Rules of the New York State Liquor Authority authorizes the revocation, cancellation, or suspension of a liquor license for the refusal by a licensee or an officer or director of a corporate licensee to appear and/or testify under oath at an inquiry or hearing held by the Liquor Authority with respect to any matter bearing upon the conduct of the licensed business or bearing upon the character or fitness of such person to continue to hold a permit or license or for the offering of false testimony under oath at such inquiry or hearing.

It appears that there is no definitive provision in the laws of the State of New York which would require the liquor authority to revoke a license upon establishing the fact that a licensee appeared before a grand jury, requested immunity against prosecution for crimes revealed by the licensee's testimony, and subsequently testified to the commission of crimes cloaked in the protection of immunity.

Article I, § 6. of the Constitution of the State of New York, entitled ". . . duty of public officers to sign waiver of immunity and give testimony; penalty for refusal," reads in its pertinent language as follows:

". . . nor shall he be compelled in any criminal case to be a witness against himself, providing, that any public officer who, upon being called before a grand jury to testify concerning the conduct of his present office or of any public office held by him within 5 years prior to such grand jury call to testify, or the performance of his official duties in any such present or prior offices, refuses to sign a waiver of immunity against subsequent criminal prosecution, or to answer any relevant question concerning such matters before such grand jury, shall by virtue of such refusal, be disqualified from holding any other public office or public employment for a period of 5 years from the date of such refusal to sign a waiver of immunity against subsequent prosecution, or to answer any relevant question concerning such matters before such grand jury, and shall be removed from his present office by the appropriate authority or shall forfeit his present office at the suit of the attorney general."

There are other provisions of law (in the New York City Charter and/or Administrative Code, for example) which bar a person or business entity from receiving contracts from the city of New York for a period of time after a person refuses to waive immunity and appear before a grand jury to answer questions concerning an inquiry into public corruption in connection with contracts held by the person with the municipality.

STATE LIQUOR AUTHORITY POLICY

On May 30, 1972, the undersigned spoke with Howard L. Gillespie, Deputy Commissioner (New York City office) of the New York State Liquor Authority, about the question raised by Congressman Waldie. Mr. Gillespie reported that in the absence of a specific provision of law requiring the revocation, cancellation, or suspension of a liquor license after the licensee requested and received immunity from prosecution for any crimes revealed by his testimony, the policy of the Liquor Authority was to treat each case on an individual basis in determining whether or not to exercise the discretionary power of the liquor authority to take disciplinary action against the licensee "for cause."

Mr. Gillespie also indicated that during the investigation of alleged corruption in the liquor authority, which was conducted by the New York County District Attorney's office in 1962 and 1963, the Governor of the State of New York had given an assurance to all licensees that they would not suffer any reprisals as a result of their cooperation with the New York County District Attorney's office and the New York County grand jury. As a result, the liquor authority, when informed by the district attorney's office that a particular licensee had cooperated and had given testimony under a grant of criminal immunity, took no disciplinary action against the licensee, notwithstanding the fact that the licensee gave testimony admitting to the commission of crimes such as bribery, etc.

I hope that the above fully answers the questions raised by Congressman Waldie.

Very truly yours,

DAVID A. GOLDSTEIN.

Mr. WALDIE. In the Emprise situation, your reference was that Emprise became the subsequent concessionaire after the Nilons. Is there any intimation in your testimony on that subject that wrongdoing was present in that situation?

Mr. GOLDSTEIN. None whatsoever.

Mr. WALDIE. Was there any shadow of illegality or shadow of organized criminal machinations involved in the Emprise deal?

Mr. GOLDSTEIN. Not to our knowledge. We had no information concerning the Emprise people other than the fact that they got the concession.

Mr. WALDIE. I have no further questions.

Mr. Steiger.

Mr. STEIGER. On that point, Mr. Goldstein: In my presence on two occasions, one Mr. Arnold Weiss, a lawyer for Emprise, and the other time another attorney for Emprise and I am sorry I cannot report his name, made the statement that Emprise had turned over the information that led to the discovery of the $100,000 payment to Mr. Morhouse. Subsequently, the money that went to Assemblyman Mintz.

As I understand it, you were involved in the prosecution of both the information received by the grand jury and also in the ultimate convictions that resulted in the *Mintz* case and in the *Gold* case; is that true?

Mr. GOLDSTEIN. Yes.

Mr. STEIGER. To your knowledge, did Emprise contribute anything in the way of information, discovery, or aid in any way, in the successful prosecution of this matter?

Mr. GOLDSTEIN. Not to my knowledge.

Mr. STEIGER. Would you be in a position to know if they had made such a contribution?

Mr. GOLDSTEIN. Yes; I believe so. I indicated at the beginning of my testimony that the information had been developed by Detective Carl Bogan. Detective Bogan had received this information from a confidential informant in upstate New York sometime in early 1963.

I had questioned Detective Bogan as to whether or not this information came from the Emprise Corp. or the Jacobs people or anybody connected with them. He has informed me that that was not the case.

I might say to you also, Congressman Steiger, that I recall receiving a telephone call, in 1964, from a Federal law enforcement agency asking us to corroborate or refute the fact that the Emprise people had turned over derogatory information to our office concerning the Nilon brothers.

At that time, and I state again now, we never received any information whatsoever from the Emprise people concerning the Nilons.

Mr. STEIGER. So apparently Emprise had made this claim that I heard as early as 1964?

Mr. GOLDSTEIN. I don't know who made the claim. All I know is we received a request in 1964 from a Federal agency to either corroborate or refute the fact that the Emprise people had turned over derogatory information to us. We informed that agency at that time they had not.

Mr. STEIGER. And nothing has changed your mind in the interim that they had contributed information?

Mr. GOLDSTEIN. Nothing whatsoever.

Mr. STEIGER. Thank you.

Mr. WALDIE. I don't fully understand that line of questioning, nor your response. Is it your conclusion that Emprise hampered the prosecution of this case of the Nilons?

Mr. STEIGER. No. I assume what Congressman Steiger is suggesting is that Emprise people had attempted to take the credit, with him or in other places, of turning over the information about these dealings. That is not the fact.

Mr. WALDIE. Is it a fact that they hampered the investigation?

Mr. GOLDSTEIN. No; not at all. They had nothing to do with the investigation.

Mr. WALDIE. They were not inquired of to assist and there was a refusal from them?

Mr. GOLDSTEIN. No. No inquiry was made to them because there was no information that we knew of that they could give us which would be helpful to the investigation.

Mr. WALDIE. Counsel, you may proceed.

Mr. PHILLIPS. I have no other questions.

[From the New York Times, June 5, 1959]

ROCKEFELLER VOWS A STRONGER PARTY: MAKES PLEDGE AT $100 G.O.P. DINNER HERE—PRESIDENT AND NIXON HAIL STATE

Governor Rockefeller pledged last night to do all he could to strengthen the Republican party in New York State.

Republicans in the state, he said, are

stimulated by "the unprecedented opportunity we have to make our state once more a leader in facing not only the problems that lie within our own borders, but also in coping with our share of the problems facing all of us as a nation in the 'cold war.'"

His promise to help rebuild the party was made in his address at the State Committee's eleventh annual $100-a-plate fund-raising dinner at the Waldorf-Astoria Hotel.

More than 2,900 tickets to the dinner were sold, a record. The committee also obtained more than $160,000 from the sale of advertising in its yearbook, which was distributed at the dinner. This also was a record.

Profits from the dinner and the yearbook will be used to finance the State Committee's activities in the year ahead and to reduce the $800,000 deficit resulting from last fall's state campaign.

Besides the Governor the speakers last night were L. Judson Morhouse, Republican state chairman, former Gov. Thomas E. Dewey and Miss Jane Todd, vice chairman of the State Committee.

The yearbook carried special messages from President Eisenhower, Vice President Richard M. Nixon and a number of party leaders and officeholders in New York.

PRESIDENT'S COMMENT

Referring to Mr. Rockefeller's victory last fall, President Eisenhower wrote:

"Your fellow Republicans throughout the land have been greatly encouraged by your example."

Vice President Nixon in his message said:

"The magnificent victory of Nelson Rockefeller, [Senator] Ken Keating and our other Republican candidates in New York State last November demonstrated to our party nationally that outstanding candidates, backed by a united party organization, can win elections even when the tide is running against us."

Governor Rockefeller told those at the dinner that his Administration had already made good on its campaign promise to restore teamwork-government to the state. It is providing the state with "the kind of leadership which faces problems squarely and tackles them aggressively," he asserted.

He said the political formula that resulted in his own election last fall would bring Republican gains in local elections throughout the state this year and put New York in the Republican column again in next year's national elections.

The Governor declared that the formula called for party unity, vigorous and able candidates and courage to face the real problems of all the voters, not just segments of them.

COMMITTEEMAN CHOSEN

At a meeting yesterday afternoon, the State Committee elected George L. Hinman, a Binghamton lawyer, to succeed Representative Dean P. Taylor of Troy as national committeeman for New York.

It elected R. Burdell Bixby, a law partner of Mr. Dewey, to replace Alger B. Chapman as committee treasurer and Lyle W. Hornbeck, Syracuse lawyer, to replace Col. Walter E. Bligh as committee secretary. Mr. Chapman and Colonel Bligh had resigned.

The committee authorized the purchase of a four-story building in Albany for its state headquarters at a cost of about $35,000, and filled vacancies in its membership.

Among the new members are A. Holly Patterson, Nassau County executive, and Dr. Solomon Petersen of 26 East 105th Street. Mr. Patterson is reported slated to succeed J. Russell Sprague as Nassau County Republican leader this fall. As a committee member he replaced Edward Dougherty of the Fifth District, Nassau, who had resigned.

Dr. Petersen replaced Richard D. Rochester, who moved out of the Fourteenth Assembly district in Manhattan.

The Governor and Mrs. Rockefeller were hosts to the entire committee at a luncheon preceding the meeting. At that time, he said "from here in I want to spend as much time as possible with the State organization."

APPENDIX I

[From the New York Post, Dec. 2, 1974]

MORHOUSE RAN ROCKY $$ UP TO $600G

(By George Carpozi, Jr.)

Former State Republican Chairman L. Judson Morhouse has turned a $100,000 loan from Vice President-designate Nelson A. Rockefeller into land worth more than $600,000, a Post investigation has determined.

Morhouse fared even better with his investment in Long Island real estate than Dr. William J. Ronan did with part of his $625,000 Rockefeller gift.

Last month The Post disclosed that Ronan invested $101,900 of Rockefeller money in choice East Hampton properties and realized an estimated $408,100 in net gains.

Both Ronan's and Morhouse's loans were forgiven for "hardship" reasons, according to Rockefeller's testimony before Congressional investigators now looking into his qualifications as President Ford's choice for Vice President.

The Post's inquiry into Morhouse's investment in Long Island real estate shows that he not only found a seemingly permanent money-making venture that involves the New York Telephone Co. as a long-term tenant, but also benefited from condemnation proceedings by the state in behalf of the Long Island Rail Road.

Morhouse was given executive clemency by Rockefeller in 1970 that saved him from a long prison term after his conviction in a bribery scandal. He served no time in jail.

Here in sequence is the story:

On Jan. 11, 1957, Martin and Harry Weinstein of West Islip sold a parcel of undeveloped land amounting to 65,824 square feet, about an acre and a half, to the Tefar Realty Corp. in Bay Shore.

The price was $33,000. The unique feature of this property, listed on the West Babylon Town map as No. 117–158B, was that it abutted the LIRR Montauk Branch. The front of the property was on Pine St., since renamed Evergreen.

Tefar Realty, a corporation formed by Raymond G. Terry and his wife, Margery, both real estate agents, had already negotiated a deal with the telephone company to build a garage for the utility's vehicles according to the utility's specifications, then rent it to the utility, along with the grounds that were to be used for parking vehicles and storing poles.

The Terrys retained an architect and a construction firm which put up the building amounting to 25,000 square feet. That left 40,824 square feet on the west side of the building and behind it (on the north) which bordered on the LIRR right-of-way (then running at ground level).

In the summer of 1959, The Post learned real estate developer William Zeckendorf focused on this property as "a perfect investment for anyone who wanted to make a steady buck."

His assessment, it was found, reached the offices of Milbank, Tweed, Hope & Hadley, at 15 Broad Street, the Rockefeller family lawyers, at the very moment they had assertedly been instructed by Gov. Rockefeller to find a profit-making enterprise for Morhouse.

Rockefeller had told the Senate Rules Committee that he loaned the $100,000 to Morhouse. Morhouse was unsalaried in his position as State GOP chairman, and Rockefeller wanted him to have "an income."

In 1959, Morhouse was owed a debt of gratitude by Rockefeller. It wasn't many months since the gubernatorial contest that resulted in Rockefeller's election to the first of his four terms as Governor. Morhouse had been instrumental in leading the campaigns that brought Rockefeller's nomination by the GOP and his victory in the election.

On Dec. 3, 1959, Raymond and Margery Terry, acting as owners of the West Babylon property—a year earlier they dissolved the corporation and took over as individual owners—sold their holdings to the Seyah Company, Inc.

The Post's investigation shows Seyah was incorporated on Aug. 14, 1959, with directors listed as Francis D. Logan, Francis H. Musselman, and Nolly S. Evans. Morhouse was president. The address was given as 15 Broad St.

Logan and Musselman are listed today as attorneys with Milbank, Tweedy, Hadley and McCoy, who are still the Rockefeller family lawyers. In 1959, the firm was still Milbank, Tweed, Hope & Hadley. The name change occurred in 1961 after a shift in law partners.

The sale by the Terrys to Morhouse's Seyah Corp. is on record in the Suffolk County Clerk's office in Riverhead. The $122.10 in federal stamps on the deed translates it into a $111,000 transaction. This sum was paid in cash to the Terrys but does not represent the real value of the property, for there was also a $174,319.97 unpaid balance on the mortgage for the land and building. In effect, Rockefeller's $100,000 loan to Morhouse enabled him to buy a property apparently worth $275,000.

The mortgage was issued by the Bank for Savings in New York City (now the New York Bank for Savings) to Tefar Realty in 1957 and was for $185,000 at 5½ per cent interest. That loan enabled the Terrys to build the garage. When the Terrys sold to Seyah, the bank allowed Morhouse to assume the obligations of the mortgage, whose payments amounted to $1310.42 a month or $15,725.04 a year.

With Seyah's purchase of the West Babylon property, Morhouse assumed collection of rents under the terms of a 10-year lease signed by the phone company in December, 1957, when it took occupancy of the garage and grounds. The rental was $28,000-a-year.

Since then the phone company has been mailing its rent payments to Morhouse in upstate Ticonderoga, N.Y., where he now lives.

ORDERED A STUDY

Eighteen months after he became the landlord, the State Public Works Dept. notified Morhouse that the LIRR was going to require a strip of his back land for a grade crossing elimination project. What this meant was that the LIRR had to have an elevation, built on an embankment, so its tracks could cross nearby Great East Neck Road with an overhead bridge instead of at street level.

Public Works assigned E. J. Ramer, its deputy chief engineer, to conduct a study. Ramer came up with a finding that 0.167 of an acre or 7374 square feet of Morhouse's 65,824 square feet were needed for the LIRR project.

On July 20, 1961, Public Works approved the takeover, followed by LIRR engineers' approval on July 26.

The office of State Controller Levitt in Albany, which makes payments in behalf of the state in all condemnation and appropriation proceedings, had a record of the transaction on file.

"Morhouse didn't get hurt on this deal," a spokesman for Levitt's office told The Post. "The state paid $22,629.99 for those 7374 square feet—which is about $3 a square foot."

In 1964, land in comparable useage (such as for gas stations and warehouses) in West Babylon along the LIRR elevation project commanded $1.50 a square foot at most in related condemnation proceedings, a survey showed.

One question relating to the appropriation of Morhouse's land remains unanswered:

It is not known whether Morhouse or the Rockefeller lawyers who figured in the incorporation of Seyah and the purchase of the property had knowledge beforehand of the LIRR's plans to elevate its line. But the project had been discussed in Albany for years before it became reality.

At the time, too, the LIRR was owned by the nearly bankrupt Pennsylvania Railroad, which owed the First National City Bank $60 million. As mortgagee, the bank had to be informed of all plans regarding improvements. Among officials who had to be kept abreast of such goings-on was James Stillman Rockefeller, the Governor's cousin, who was then chairman of First National City.

Efforts to reach Morhouse in Ticonderoga were unsuccessful. His wife, Marguerite, told a reporter: "My husband does not want to be interviewed or answer any questions."

An indication that the $22,629.99 payment for the land may have been out of line can be traced to the consideration Morhouse received from the Town of Babylon for "deprivation of his land." According to Taylor Gifford, Town Assessor for Babylon, the state's takeover of the 7374 square feet of "back land" brought a mere $75 reduction in the assessed valuation of the property.

"Our records show," said Gifford, "that the property was assessed for $27,760 before the appropriation. Afterward, we took another look and reduced the assessment to $27,685."

NEVER REASSESSED

Based on a 1962–63 tax rate of $15.95 for each $100 of assessed valuation, Morhouse realized only an $11.94 reduction on his tax bill of $4427.72 that year. What is particularly significant, however, is that Morhouse's property has never been reassessed, although real estate values have increased considerably in the past 16 years.

It is not unusual, however, for Long Island towns not to reassess properties for years, even decades. In general practice, Suffolk County commercial and residential structures are reassessed only when they have been enlarged, improved, or have benefited from neighborhood buildup which enhanced their value significantly, or by adverse changes that invite lower realty valuations.

The street on which Morhouse's property is situated is largely unchanged since 1959. Thus, to this day he is still paying taxes on that $27,685.

Yet the tax rates themselves in West Babylon have been going up steadily, as elsewhere, and thus Morhouse paid $9579 for the 1973–74 tax year, based on a rate of $34.60 per $100 of assessed valuation.

Records also show that the phone company put a slight dent on the rent after the LIRR took some of the utility's parking space for the embarkment. By mutual agreement, $700 a year was lopped off the rent. Thus the annual yield to Morhouse was reduced to $27,300.

In terms of the $22,629.99 emolument from the state, it would have taken more than 32 years before the $700 annual loss in rent caught up with the condemnation payment—if the rent had remained constant. But that can never occur because Morhouse managed to improve his financial picture even further.

In 1967, the phone company exercised its option to renew for five more years. Morhouse had no control over the terms written into the initial lease, thus the same rental of $27,300 prevailed until 1972.

But in that year, the phone company signed a new 10-year lease, calling for $32,688—a $5388 annual increase. The lease shows that $27,568 is allocated for rental of the building and $5120 for the grounds.

Under the terms of the lease, the phone company pays for all interior repairs and maintenance, as well as utilities and heat. Morhouse is only responsible for exterior repairs and maintenance, such as the roof and structural upkeep.

A breakdown of known income vs. known expenses in the 16 years since Morhouse bought the property with Rockefeller's money indicates that he has had expenditures of about $270,000 and income of approximately $430,000—for a net profit in the neighborhood of $160,000, a $10,000-a-year average.

In the same period the property has leapfrogged in value. While the Town of Babylon has assessed land and building for $27,685, its 13 percent equalization rate—the true barometer of real estate values—indicates the actual minimum worth of the property is $213,000.

But real estate sources in the town say that Morhouse could realize considerably more if he sold the property, even in today's realty market.

"I don't think you could touch that parcel for less than $400,000," one real estate man said. "I'd suggest that with a prime tenant like the phone company in there the property should be worth $500,000 and perhaps even more. After all, it was worth $275,000 over 16 years ago. And everyone knows how much real estate values have gone up in that period."

Seyah is Hayes spelled backwards.

APPENDIX J

[From the New York Times, June 17, 1966]

MORHOUSE AIDED BY HIGH OFFICIALS: JUDGE GOT LETTERS PRAISING DEFENDANT'S "INTEGRITY"

(By Jack Roth)

Letters commending L. Judson Morhouse for "integrity, honesty and devotion to good government" were sent to a State Supreme Court justice by Senator Jacob K. Javits, former Gov. Thomas E. Dewey and a secretary to Governor Rockefeller before the former Republican state chairman was sentenced on Wednesday.

The letters were among hundreds of communications, in effect urging leniency, received by Justice Abraham J. Gellinoff before he sentenced Morhouse to two concurrent prison terms of two or three years on his conviction of two felony counts.

The defendant had been found guilty in the bribing of Martin C. Epstein, former chairman of the State Liquor Authority, to obtain a liquor license for the Playboy Club.

The name of the Governor's secretary was not disclosed, but it was ascertained that he had written the letter with Mr. Rockefeller's knowledge.

A spokesman for the Governor, however, denied last night that any such letter had been written or sent.

PROPRIETY DEBATED

The letters from those officials, as well as from others, such as Carl Spad, the Republican state chairman, and Vince J. Albano, the county chairman, precipitated a discussion among officials in the District Attorney's office and lawyers as to the propriety of such high officers in commending a man whom the prosecutor's office called "greedy for money" and condemned him for selling "political influence for substantial sums."

District Attorney Frank S. Hogan said he was not "particularly disturbed" by the letters and that he would be concerned "only if a sentencing judge gave undue weight to such requests for leniency with a consequent failure to give proper weight to the evidence in the case and the verdict of the jury."

In the Morhouse case, there was no question that the prosecutor's office was satisfied with the sentence, as Alfred J. Scotti, the chief assistant district attorney, termed it "fair and adequate" after leaving the courtroom.

Two other aides in the prosecutor's office spoke angrily about the letters. One said that it "displays a callous disregard of a betrayal of good government."

PRAISE CALLED DISGRACEFUL

The other declared it was "disgraceful that public officials, past and present, should say anything in the least praiseworthy about a man who had refused to waive immunity before a grand jury and who was convicted, in reality, of cheating his party and his state."

Another lawyer spoke of "the other side of the coin."

"People who know people a long time," he said, "could do something like this out of a sense of mercy or compassion. Their commending the defendant because of their knowledge of him does not mean they are condoning anything that Morhouse did."

A lawyer who has been associated closely with judges for years, commented:

"It seems very poor taste for such high governmental officers to urge leniency for or speak in flattering terms of a man convicted of a crime that entails subversion of governmental power, a man so criticized and assailed by the District Attorney's office as Morhouse was."

JUDGE GIVES HIS VIEWS

Justice Gellinoff, asked whether he had received the letters and if so what he had thought of them, said:

"In many cases in which a judge sentences defendants he receives communications from various persons asking that he be lenient in imposing sentence. I do not think it proper that in any of these cases I should disclose either the name of the sender of such a letter or the contents of his message.

"In the Morhouse case I will say only that I received letters—as I said in court—from people in most high places who came forward willingly to urge leniency. I will say nothing more on the subject, neither confirming nor denying any information."

From other sources who saw the letters, however, it was reported that they spoke of Morhouse's good reputation, his excellent family life and declared that he was honest and upright and devoted to the interests of good government.

None, it was learned, specifically urged a lenient sentence, but said, instead, they wanted to bring their knowledge of the defendant to the court's attention.

The letters, it became known, have been filed with the court's probation department.

Morhouse was first named Republican state chairman by Governor Dewey in 1954 and was elected after that to four more two-year terms.

The 52-year-old lawyer of Ticonderoga, N.Y., was credited with getting Governor Rockefeller to enter politics and managed his gubernatorial campaigns of 1958 and 1962.

Morhouse was appointed to the $17,000 post of vice chairman of the State Thruway Authority by Governor Rockefeller and also as the nonsalaried chairman of the Lake George Park Commission.

He resigned as Republican chairman on Dec. 27, 1962, and a few days later quit his other posts before being called to testify before a grand jury investigating the liquor scandals. He refused to waive immunity before that panel and did not testify.

[From the New York Times, June 18, 1966]

ROCKEFELLER AIDE RETRACTS DENIAL OF LETTER ON MORHOUSE

Governor Rockefeller's press secretary, Leslie Slote, who denied on Thursday that any secretary to the Governor had written or sent a letter to a Supreme Court justice concerning L. Judson Morhouse, the former Republican state chairman, withdrew the denial yesterday.

Mr. Slote confirmed that a letter, characterized by court authorities as "urging leniency," was sent to Justice Abraham J. Gellinoff by William J. Ronan, the Governor's secretary, before Morhouse was sentenced to two to three years in prison by the justice.

Morhouse was convicted in the bribery of Martin C. Epstein, former State Liquor Authority chairman, to obtain a liquor license for the Playboy Club.

Mr. Slote explained yesterday:

"It is true that such a letter was sent. It was sent by Mr. Ronan. When I said that such a letter had never been sent I was incorrect." The letter from Mr. Ronan, it was reported, detailed his relationship with Morhouse and mentioned the Governor's name.

TWO VIEWS OF THE CASE OF L. JUDSON MORHOUSE

DOCUMENTED FACTS FROM OTHER SOURCES	MR. ROCKEFELLER'S VERSION
1958	*1958*
Morhouse vigorously works to get nomination for Rockefeller; does so, and elects him. Morhouse convinces Crews to bring the key delegation of Brooklyn Republicans into the Rockefeller camp.	Morhouse got on the bandwagon after he saw that Rockefeller was going to win. Crews got on the bandwagon.
1959	*1959*
Morhouse's salary is $17,000 as Vice Chairman of N.Y. Thruway Authority, equivalent of $30,000 today. Morhouse also gets $130,000 over five years in "public relations" fees from private corporations. Crews nominates Epstein who is appointed by Rockefeller to State Liquor Authority. April 7. Race track group mets in NYC. April 8. Race track group flies from N.Y. to Miami; concessionaires fly from Pennsylvania to Miami with $100,000. No transaction because license not issued. April 9. Racing Commission approves license for Finger Lakes group. April 10. Race track group flies to Philadelphia, gets $100,000, delivers to Morhouse in Miami. May 5. Morhouse returns $100,000 in NYC because Governor "got wind" of transaction. May 12. Race track group returns money to concessionaires because promises not kept.	Morhouse is "unsalaried" as State Party Chairman and in financial straits. There was no "deal" with Crews.
	June 4. $100,000 offered to Morhouse at fund-raising dinner as a "legal" contribution; Rockefeller immediately orders cash returned to avoid trouble with donors.
August 15. Seyah corporation organized by Rockefeller lawyers; Morhouse is President of corporation. Dec. 3. Seyah Corp., wholly owned by Nelson Rockefeller, buys Babylon property. Dec. 22. Laurance Rockefeller sells venture securities to Morhouse, taking back $49,000 note (later sold back to Laurence for $30,000 profit, plus $240,000 equity in remainder).	Dec. 22. Morhouse needed "legitimate" income.
1960	*1960*
Sept. 21. Nelson Rockefeller sells all stock in Seyah Corp. to Morhouse, taking back a $100,000 promissory note. Property ultimately worth $600,000 to Morhouse.	Sept. 21. Morhouse needed to be put beyond "temptation."
1961	*1961*
May 1. Morhouse begins negotiations with Playboy Club to bribe Epstein. July 20. N.Y. State buys Seyah Corp land segment for $22,600, twice the rate of awards for condemnation of simila- property.	
1962	*1962*
Dec. 27 Morhouse resigns as Party Chairman	
1963	*1963*
Jan. 9. Morhouse resigns as Vice Chairman of N.Y. Thruway Authorty. Called before grand jury few hours later in connection with State Liquor Authority probe.	
1965	*1965*
Dec. 7. Morhouse indicted.	
1966	*1966*
May 20. Morhouse convicted. June 15. Morhouse sentenced.	June 15. High state officials, including Rockefeller's Secretary, William Ronan, hail Mr. Morhouse as a man of integrity, and ask Judge for leniency.
1970	*1970*
Dec. 23.	Dec. 23. Morhouse's sentence is commuted without serving sentence on grounds of health.
1973	*1973*
December.	December. $100,00 loan for Sayah Corp stock is forgiven at discounted rate of $87,000.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

RECESS

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess until the hour of 11 a.m. today.

The motion was agreed to; and at 10:27 a.m. the Senate took a recess until 11 a.m.

The Senate reassembled at 11 a.m., when called to order by the Presiding Officer (Mr. ABOUREZK).

ATOMIC ENERGY COMMISSION UNANIMOUS CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, with respect to the agreement that was previously entered into in connection with S. 4033, to authorize appropriations for the Atomic Energy Commission, I ask unanimous consent that on one amendment by Mr. KENNEDY, Mr. HUMPHREY, and Mr. MUSKIE, there be a 1-hour limitation, to be equally divided in accordance with the usual form.

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

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. ROBERT C. BYRD. Mr. President, is there any business before the Senate?

The PRESIDING OFFICER. There is no business before the Senate.

TRADE REFORM ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, in order that there may be business before the Senate, but with the understanding that there will be no action thereon today, that it will just be laid before the Senate for the purpose of making it the unfinished business, I ask unanimous consent that the Senate proceed to the consideration of H.R. 10710, the Trade Reform Act of 1974.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments on page 1, in

line 4, strike out "1973" and insert in lieu thereof "1974".

On page 1, beginning after line 4, strike out the following:

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And insert in lieu thereof:

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On page 8, beginning at line 2, strike out the following language:

The purposes of this Act are, through trade agreements affording mutual trade benefits—

(1) to stimulate the economic growth of the United States and to maintain and enlarge foreign markets for the product of United States agriculture, industry, mining, and commerce; and

(2) to strengthen economic relations with foreign countries through the development of fair and equitable market opportunities and through open and nondiscriminatory world trade.

And insert in lieu thereof:

The purposes of this Act are—

(1) to authorize the President, for a period of five years, to enter into trade agreements with foreign countries with the objectives of establishing fairness and equity in international trading relations, including reform of the rules governing international trade, the harmonization, reduction, or elimination of tariff and nontariff barriers to, and other distortions of, international trade, to secure for the commerce of the United States on the basis of reciprocity, equal competitive opportunities in foreign markets, and to promote the economic growth of, and full employment in, the United States;

(2) to authorize the President to proclaim, subject to certain conditions and limitations, such modifications or continuance of any existing duty, such continuance of existing duty-free or excise treatment, or such additional duties as he determines is required or appropriate to carry out trade agreements;

(3) to authorize the President to negotiate trade agreements with foreign countries providing for the harmonization, reduction, or elimination of nontariff barriers to and other distortions of international trade, and to establish procedures for the consideration and implementation of such agreements by the Congress;

(4) to require the President in the exercise of trade agreement authority to assure reciprocal trade benefits, and in particular, fair treatment and equitable market access for exports of the United States, through the full exercise of rights in such agreements, including the reform and revision of international trade rules;

(5) to require the President in the exercise of trade agreement authority to strengthen international agreements governing fair and equitable access to supplies of food, raw materials, and manufactured and semimanufactured products;

(6) to require the reporting of the balance of trade of the United States on a cost, insurance, and freight basis;

(7) to provide additional authority to the President temporarily to modify restrictions

upon imports into the United States in response to balance-of-payments disequilibria;

(8) to provide for full participation by private advisory bodies representing the interests of major segments of our economy affected by international trade;

(9) to provide for close and continuing congressional oversight of international trade negotiations and the implementation and operation of international trade agreements;

(10) to rename the United States Tariff Commission as the United States International Trade Commission and to strengthen the independence of the Commission;

(11) to assure greater access to and more effective delivery of import relief to industries which may be seriously injured or threatened with serious injury from increased imports;

(12) to establish a program of adjustment assistance for communities adversely affected by imports and to improve existing adjustment assistance programs for workers and firms;

(13) to improve the procedures for responding to unfair trade practices in the United States and abroad;

(14) to authorize the President to extend nondiscriminatory treatment, upon certain conditions, to countries not presently enjoying such treatment and to provide adequate safeguards against market disruption by imports into the United States from Communist countries; and

(15) to authorize the President to extend preferential tariff treatment to the exports of less-developed countries to encourage diversification and development of exports from the developing world.

On page 12, in line 14, strike out "stated in section 2" and insert in lieu thereof "of this Act".

On page 13, beginning at line 1, strike out the following language:

(b) (1) Except as provided in paragraph (2), no proclamation pursuant to subsection (a) (2) shall be made—

(A) in the case of a rate of duty existing on July 1, 1973, which is 25 percent ad valorem or less, decreasing such rate of duty to a rate below 40 percent of the rate existing on July 1, 1973; or

(B) in the case of a rate of duty existing on July 1, 1973, which is more than 25 percent ad valorem, decreasing such rate of duty to a rate below the higher of the following:

(i) 25 percent of the rate existing on July 1, 1973, or

(ii) 10 percent ad valorem.

(2) Paragraph (1) shall not apply in the case of any article for which the rate of duty existing on July 1, 1973, is not more than 5 percent ad valorem.

And insert in lieu thereof:

(b) (1) Except as provided in paragraph (2), no proclamation pursuant to subsection (a) (2) shall be made decreasing a rate of duty to a rate below 50 percent of the rate existing on January 1, 1975.

(2) Paragraph (1) shall not apply in the case of any article for which the rate of duty existing on January 1, 1975, is not more than 10 percent ad valorem.

On page 13, beginning at line 24, strike out the following language:

(c) (1) Except as otherwise provided in paragraph (2), no proclamation shall be made pursuant to subsection (a) (2) increasing any rate of duty to (or imposing) a rate above the higher of the following: (A) the rate which is 50 percent above the rate existing on July 1, 1934, or (B) the rate which is 20 percent ad valorem above the rate existing on July 1, 1973.

(2) The limitation set forth in paragraph (1) may be exceeded with respect to the conversion by the United States of a barrier to (or other distortion of) international trade into a rate of duty which affords substantially equivalent protection, to the extent that it is necessary to exceed such limitation to effectuate such conversion.

And insert in lieu thereof:

(c) No proclamation shall be made pursuant to subsection (a) (2) increasing any rate of duty to, or imposing a rate above, the higher of the following:

(1) the rate which is 50 percent above the rate set forth in rate column numbered 2 of the Tariff Schedules of the United States as in effect on January 1, 1975, or

(2) the rate which is 20 percent ad valorem above the rate existing on January 1, 1975.

On page 15, in line 2, after the word "concessions," insert the words "adversely affecting the United States economy, preventing fair and equitable access to supplies,".

On page 15, in line 8, strike out the words "reduce or eliminate" and insert in lieu thereof the words "harmonize, reduce, or eliminate such".

On page 15, in line 14, strike out the words "reduction or" and insert in lieu thereof the words "harmonization, reduction, or".

On page 15, beginning at line 20, strike out the following language:

(b) (1) Whenever the President determines that any existing barriers to (or other distortions of) international trade of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that the purposes stated in section 2 will be prompted thereby, the President, during the 5 year period beginning on the date of the enactment of this Act, may enter into trade agreements with foreign countries or instrumentalities providing for the reduction or elimination of such barriers or other distortions.

(2) Except as provided in subsection (g) (1), no trade agreement entered into under this section may provide for any modification in a rate of duty imposed by the United States.

(c) (1) A principal United States negotiating objective under this section shall be to obtain with respect to each product sector of manufacturing, and with respect to the agricultural sector, competitive opportunities for United States exports to the developed countries of the world equivalent to the competitive opportunities afforded in United States markets to the importation of like or similar products, taking into account all barriers (including tariffs) to and other distortions of international trade affecting that sector.

(2) To the maximum extent appropriate to the achievement of the negotiating objective set forth in paragraph (1), trade agreements entered into under this section shall be negotiated, to the extent feasible, on the basis of each product sector of manufacturing and on the basis of the agricultural sector.

(3) For purposes of this subsection and of section 135, the Special Representative for Trade Negotiations together with the Secretary of Commerce or Agriculture, as appropriate, shall, after consultation with the Advisory Committee for Trade Negotiations established by section 135 and after consultation with interested private organizations, define appropriate product sectors of manufacturing.

(4) The President shall include in his statement on each trade agreement submitted to each House of the Congress pursuant to section 162(a), a sector by sector analysis of the extent to which the objective set forth in paragraph (1) has been achieved.

(d) Before the President enters into any trade agreement under this section providing for the reduction or elimination of a barrier to (or other distortion of) international trade, he shall consult with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(e) (1) Whenever—

(A) the President enters into a trade agreement under this section providing for the reduction or elimination of a barrier to (or other distortion of) international trade, and

(B) the President submits such agreement (and the proclamations and orders proposed to be issued for the purpose of implementing such agreement) to the Congress for its approval in accordance with subsection (f),

such agreement shall enter into force with respect to the United States, and such proclamations and orders shall take effect if (and only if) the provisions of subsection (f) are complied with.

(2) The procedure set forth in subsection (f) may be used with respect to a trade agreement whether or not the implementation of such agreement requires further action by the Congress.

(f) Any trade agreement submitted to the Congress under this subsection shall enter into force with respect to the United States, and the proclamations and orders required or appropriate to carry out such agreement which are submitted with such agreement shall take effect, if (and only if)—

(1) the President, not less than 90 days before the day on which he enters into such trade agreement, notifies the House of Representatives and the Senate of his intention to enter into such an agreement, and promptly thereafter publishes notice of such intention in the Federal Register;

(2) after entering into the agreement, the President delivers a copy of such agreement to the House of Representatives and to the Senate together with—

(A) a copy of the proclamations and orders, if any, proposed to be issued for the purpose of implementing such agreement and an explanation as to how the proclamations and orders affect existing law, and

(B) a statement of his reasons as to how the agreement serves the interests of United States commerce and as to why each such proclamation and order is required or appropriate to carry out the agreement; and

(3) before the close of the 90-day period after the day on which the copy of such agreement is delivered to the House of Representatives and to the Senate pursuant to paragraph (2), neither the House of Representatives nor the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval under the procedures set forth in section 151.

(g) If, in any trade agreement entered into under this section, it is provided that any trade barrier (or other distortion) of the United States with respect to an article is to be converted into a rate of duty affording substantially equivalent tariff protection, then—

(1) such agreement may also provide for the reduction of part or all of that portion of the rate of duty resulting from the conversion of the trade barrier (or other distortion) of the United States which is attributable to such conversion, and

(2) no agreement may be entered into under section 101 reducing to any extent the rate of duty with respect to such article unless the agreement entered into under this section is submitted to the Congress, and on or before the time of such submission there is also submitted to the Congress—

(A) a clear statement of the reductions (if any) proposed to be taken under section 101 with respect to the column 1 rates of duty for such article, and

(B) the determination by the Tariff Commission of the rates of duty which afford substantially equivalent protection to the barrier (or other distortion) of the United States which is being converted.

(h) For purposes of this section the term "barrier" includes the American selling price basis of customs valuation (19) U.S.C. sec. 1401a(c) and 1402(g)).

And insert in lieu thereof:

(b) Whenever the President determines that any barriers to (or other distortions of) international trade of any foreign country or the United States unduly burden and restrict the foreign trade of the United States or adversely affect the United States economy, or that the imposition of such barriers is likely to result in such a burden, restriction, or effect, and that the purposes of this Act will be promoted thereby, the President, during the 5-year period beginning on the date of the enactment of this Act, may enter into trade agreements with foreign countries or instrumentalities providing for the harmonization, reduction, or elimination of such barriers (or other distortions) or providing for the prohibition of or limitations on the imposition of such barriers (or other distortions).

(c) Before the President enters into any trade agreement under this section providing for the harmonization, reduction, or elimination of a barrier to (or other distortion of) international trade, he shall consult with the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and with each committee of the House and the Senate and each joint committee of the Congress which has jurisdiction over legislation involving subject matters which would be affected by such trade agreement. Such consultation shall include all matters relating to the implementation of such trade agreement as provided in subsections (d) and (e). If it is proposed to implement such trade agreement, together with one or more other trade agreements entered into under this section, in a single implementing bill, such consultation shall include the desirability and feasibility of such proposed implementation.

(d) Whenever the President enters into a trade agreement under this section providing for the harmonization, reduction, or elimination of a barrier to (or other distortion of) international trade, he shall submit such agreement, together with a draft of an implementing bill (described in section 151(b)) and a statement of any administrative action proposed to implement such agreement, to the Congress as provided in subsection (e), and such agreement shall enter into force with respect to the United States only if the provisions of subsection (e) are complied with and the implementing bill submitted by the President is enacted into law.

(e) Each trade agreement submitted to the Congress under this subsection shall enter into force with respect to the United States if (and only if)—

(1) the President, not less than 90 days before the day on which he enters into such trade agreement, notifies the House of Representatives and the Senate of his intention to enter into such an agreement, and promptly thereafter publishes notice of such intention in the Federal Register;

(2) after entering into the agreement, the President transmits a document to the House of Representatives and to the Senate containing a copy of such agreement together with—

(A) a draft of an implementing bill and a statement of any administrative action proposed to implement such agreement, and an explanation as to how the implementing bill and proposed administrative action change or affect existing law, and

(B) a statement of his reasons as to how the agreement serves the interests of United States commerce and as to why the implementing bill and proposed administrative action is required or appropriate to carry out the agreement; and

(3) the implementing bill is enacted into law.

(f) To insure that a foreign country or instrumentality which receives benefits under a trade agreement entered into under this section is subject to the obligations imposed by such agreement, the President may recommend to Congress in the implementing bill and statement of administrative action submitted with respect to such agreement that the benefits and obligations of such agreement apply solely to the parties to such agreement, if such application is consistent with the terms of such agreement. The President may also recommend with respect to any such agreement that the benefits and obligations of such agreement not apply uniformly to all parties to such agreement, if such application is consistent with the terms of such agreement.

(g) For purposes of this section—

(1) the term "barrier" includes the American selling price basis of customs evaluation as defined in section 402 or 402a of the Tariff Act of 1930, as appropriate.

(2) the term "distortion" includes a subsidy; and

(3) the term "international trade" includes trade in both goods and services.

SEC. 103. OVERALL NEGOTIATING OBJECTIVE.

The overall United States negotiating objective under sections 101 and 102 shall be to obtain more open and equitable market access and the harmonization, reduction, or elimination of devices which distort trade or commerce. To the maximum extent feasible, the harmonization, reduction, or elimination of agricultural trade barriers and distortions shall be undertaken in conjunction with the harmonization, reduction, or elimination of industrial trade barriers and distortions.

SEC. 104. SECTOR NEGOTIATING OBJECTIVE.

(a) A principal United States negotiating objective under sections 101 and 102 shall be to obtain, to the maximum extent feasible, with respect to appropriate product sectors of manufacturing, and with respect to the agricultural sector, competitive opportunities for United States exports to the developed countries of the world equivalent to the competitive opportunities afforded in United States markets to the importation of like or similar products, taking into account all barriers (including tariffs) to and other distortions of international trade affecting that sector.

(b) As a means of achieving the negotiating objective set forth in subsection (a), to the extent consistent with the objective of maximizing overall economic benefit to the United States (through maintaining and enlarging foreign markets for products of United States agriculture, industry, mining, and commerce, through the development of fair and equitable market opportunities, and through open and nondiscriminatory world trade), negotiations shall, to the extent feasible, be conducted on the basis of appropriate product sectors of manufacturing.

(c) For the purpose of this section and section 135, the Special Representative for Trade Negotiations together with the Secretary of Commerce, Agriculture, or Labor, as appropriate, shall, after consultation with the Advisory Committee for Trade Negotiations established under section 135 and after consultation with interested private organizations, identify appropriate product sectors of manufacturing.

(d) If the President determines that competitive opportunities in one or more product sectors will be significantly affected by a trade agreement concluded under section 101 or 102, he shall submit to the Congress with each such agreement an analysis of the extent to which the negotiating objective set forth in subsection (a) is achieved by such agreement in each product sector or product sectors.

SEC. 105. BILATERAL TRADE AGREEMENTS.

If the President determines that bilateral trade agreements will more effectively promote the economic growth of, and full employment in, the United States, then, in such cases, a principal negotiating objective under sections 101 and 102 shall be to enter into bilateral trade agreements. Each such trade agreement shall provide for mutually advantageous economic benefits.

SEC. 106. AGREEMENTS WITH DEVELOPING COUNTRIES.

A principal United States negotiating objective under sections 101 and 102 shall be to enter into trade agreements which promote the economic growth of both developing countries and the United States and the mutual expansion of market opportunities.

SEC. 107. INTERNATIONAL SAFEGUARD PROCEDURES.

(a) A principal United States negotiating objective under section 102 shall be to obtain internationally agreed upon rules and procedures, in the context of the harmonization, reduction, or elimination of barriers to, and other distortions of, international trade, which permit the use of temporary measures to ease adjustment to changes occurring in competitive conditions in the domestic markets of the parties to an agreement resulting from such negotiations due to the expansion of international trade.

(b) Any agreement entered into under section 102 may include provisions establishing procedures for—

(1) notification of affected exporting countries,

(2) international consultations,

(3) international review of changes in trade flows,

(4) making adjustments in trade flows as the result of such changes, and

(5) international mediation.

Such agreements may also include provisions which—

(A) exclude, under specified conditions, the parties thereto from compensation obligations and retaliation, and

(B) permit domestic public procedures through which interested parties have the right to participate.

SEC. 108. ACCESS TO SUPPLIES.

(a) A principal United States negotiating objective under section 102 shall be to enter into trade agreements with foreign countries and instrumentalities to assure the United States of fair and equitable access at reasonable prices to supplies of articles of commerce which are important to the economic requirements of the United States and for which the United States does not have, or cannot easily develop, the necessary domestic productive capacity to supply its own requirements.

(b) Any agreement entered into under section 102 may include provisions which—

(1) assure to the United States the continued availability of important articles at reasonable prices, and

(2) provide reciprocal concessions or comparable trade obligations, or both, by the United States.

On page 28, beginning at line 16, strike out the following language:

(1) a reduction of 3 percent ad valorem or a reduction of one-fifteenth of the total reduction under such agreement, whichever is greater, had taken effect on the date of the first proclamation pursuant to section 101(a) (2) to carry out such trade agreement, and

(2) the remainder of such total reduction had taken effect at 1 year intervals after the date referred to in paragraph (1) in installments equal to the greater of 3 percent ad valorem or one-fourteenth of such remainder.

And insert in lieu thereof:

(1) in the case of a total reduction in the rate of duty on any article under such agreement in excess of 20 percent ad valorem, a reduction of one-tenth of that total reduction had taken effect on the effective date of the first reduction proclaimed pursuant to section 101(a)(2) to carry out such agreement with respect to such article and at the beginning of each 1-year period after that date; or

(2) in the case of a total reduction in such rate of duty not in excess of 20 percent ad valorem, a reduction of 2 percent ad valorem had taken effect on the effective date of such first reduction and at the beginning of each 1-year period after that date.

On page 29, beginning at line 24, strike out the following language:

(c)(1) No reduction pursuant to a trade agreement under this title shall take effect more than 15 years after the date of the first proclamation to carry out such trade agreement.

And insert in lieu thereof:

(c)(1) No reduction in the rate of duty on any article pursuant to a trade agreement under section 101 shall take effect more than 10 years after the effective date of the first reduction proclaimed to carry out such trade agreement with respect to such article.

On page 30, in line 11, after the word "thereunder," insert the words "the effect of which is to maintain or increase the rate of duty on an article,".

On page 30, in line 13, strike out the word "intervals" and insert in lieu thereof the word "periods".

On page 30, in line 14, strike out "(2)".

On page 30, in line 15, strike out the number "15" and insert in lieu thereof the number "10".

On page 30, at the end of line 25, strike out the comma and insert in lieu thereof a period.

On page 31, in line 1, strike out the words "including (but not limited to):" and insert in lieu thereof the words "The action and principles referred to in the preceding sentence include, but are not limited to, the following—".

On page 31, in line 4, strike out the word "machinery" and insert in lieu thereof the word "procedures".

On page 31, in line 7, strike out the word "interest" and insert in lieu thereof the word "interests".

On page 31, in line 24, strike out the word "and".

On page 32, in line 4, strike out the word "required." and insert in lieu thereof the word "required,".

On page 32, beginning at line 5, insert the following new language:

(7) the improvement and strengthening of the provisions of GATT and other international agreements governing access to supplies of food, raw materials, and manufactured or semi-manufactured products, including rules and procedures governing the imposition of export controls, the denial of fair and equitable access to such supplies, and effective consultative procedures on problems of supply shortages,

(8) the extension of the provisions of GATT or other international agreements to authorize multilateral procedures by contracting parties with respect to member or nonmember countries which deny fair and equitable access to supplies of food, raw materials, and manufactured or semi-manufactured products, and thereby substantially injure the international community.

(9) any revisions neecssary to establish procedures for regular consultation among countries and instrumentalities with respect to international trade and procedures to adjudicate commercial disputes among such countries or instrumentalities,

(10) any revisions necessary to apply the principles of reciprocity and nondiscrimination, including the elimination of special preferences and reverse preferences, to all aspects of international trade,

(11) any revisions necessary to establish more flexible international monetary mechanisms,

(12) any revisions necessary to define the forms of subsidy to industries producing products for export and the forms of subsidy to attract foreign investment which are consistent with an open, nondiscriminatory, and fair system of international trade, and

(13) any revisions necessary to establish agreement on the extraterritorial application of national laws, including laws relating to antitrust, taxation, and foreign trade.

On page 33, beginning at line 15, strike out the following language:

(b) There are hereby authorized to be appropriated annually such sums as may be necessary for the payment by the United States of its share of the expenses of the contracting parties to the General Agreement on Tariffs and Trade.

And insert in lieu thereof:

(b) The President shall, to the extent feasible, enter into agreements with foreign countries or instrumentalities to establish the principles described in subsection (a) with respect to international trade between the United States and such countries or instrumentalities.

(c) If the President enters into a trade agreement which establishes rules or procedures, including those set forth in subsection (a), promoting the development of an open, nondiscriminatory, and fair world economic system and if the implementation of such agreement will change any provision of Federal law (including a material change in an administrative rule), such agreement shall take effect with respect to the United States only if the appropriate implementing legislation is enacted by the Congress unless implementation of such agreement is effected pursuant to authority delegated by Congress. Such trade agreement may be submitted to the Congress for approval in accordance with the procedures of section 151. Nothing in this section shall be construed as prior approval of any legislation necessary to implement a trade agreement entered into under this section.

(d) There are authorized to be appropriated annually such sums as may be necessary for the payment by the United States of its share of the expenses of the Contracting Parties to the General Agreement on Tariffs and Trade. This authorization does not imply approval or disapproval by the Congress of all articles of the General Agreement on Tariffs and Trade.

On page 34, beginning at line 23, strike out the following language:

(a) Whenever the President determines that fundamental international payments problems require special import measures to restrict imports—

(1) to deal with a large and serious United States balance of payments deficit,

(2) to prevent an imminent and significant depreciation of the dollar in foreign exchange markets, or

(3) to cooperate with other countries in correcting an international balance of payments disequilibrium,

the President is authorized for a period not exceeding 150 days (unless a longer period is authorized by Act of Congress)—

(A) to proclaim a temporary import surcharge, not to exceed 15 percent ad valorem, in the form of duties (in addition to those already imposed, if any) on articles imported into the United States; and

(B) to proclaim temporary limitations through the use of quotas on the importation of articles into the United States.

Subparagraph (B) shall apply (i) only if international trade or monetary agreements to which the United States is a party permit the imposition of quotas as a balance-of-payments measure, and (ii) only to the extent that the fundamental imbalance cannot be dealt with effectively by a surcharge proclaimed pursuant to subparagraph (A). Any temporary import surcharge proclaimed pursuant to subparagraph (A) shall be treated as a regular customs duty.

And insert in lieu thereof:

(a) Whenever fundamental international payments problems require special import measures to restrict imports—

(1) to deal with large and serious United States balance-of-payments deficits,

(2) to prevent an imminent and significant depreciation of the dollar in foreign exchange markets, or

(3) to cooperate with other countries in correcting an international balance-of-payments disequilibrium,

the President shall proclaim, for a period not exceeding 180 days (unless such period is extended by Act of Congress)—

(A) a temporary import surcharge, not to exceed 15 percent ad valorem, in the form of duties (in addition to those already imposed, if any) on articles imported into the United States;

(B) temporary limitations through the use of quotas on the importation of articles into the United States; or

(C) both a temporary import surcharge described in subparagraph (A) and temporary limitations described in subparagraph (B).

The authority delegated under subparagraph (B) (and so much of subparagraph (C) as relates to subparagraph (B)) may be exercised (i) only if international trade or monetary agreements to which the United States is a party permit the imposition of quotas as a balance-of-payments measure, and (ii) only to the extent that the fundamental imbalance cannot be dealt with effectively by a surcharge proclaimed pursuant to subparagraph (A) or (C). Any temporary import surcharge proclaimed pursuant to subparagraph (A) or (C) shall be treated as a regular customs duty.

(b) If the President determines that the imposition of import restrictions under subsection (a) will be contrary to the national interest of the United States, then he may refrain from proclaiming such restrictions and he shall—

(1) immediately inform Congress of his determination, and

(2) immediately convene the group of congressional official advisers designated under section 161(a) and consult with them as to the reasons for such determination.

On page 37, at the beginning of line 14, strike out "(b)" and insert in lieu thereof "(c)."

On page 37, in line 17, strike out the words "a large and persistent United States balance of payments surplus, or" and insert in lieu thereof the words "large and persistent United States balance-of-trade surpluses, as determined

on the basis of the cost-insurance-freight value of imports, as reported by the Bureau of the Census, or".

On page 37, in line 24, after the word "authorized" insert the words "to proclaim."

On page 38, in line 1, strike out the words "a longer period is authorized" and insert in lieu thereof the words "such period is extended."

On page 38, in line 3, strike out the words "to proclaim."

On page 38, in line 6, strike out the words "to proclaim."

On page 38, in line 9, strike out the word "restrictions;" and insert in lieu thereof the word "restriction.".

On page 38, beginning at line 10, strike out the following language:

except with respect to those articles where in his judgment such action would cause or contribute to material injury to firms or workers in any domestic industry, including agriculture, mining, fishing, or commerce, or to impairment of the national security, or would otherwise be contrary to the national interest.

And insert in lieu thereof:

Import liberalizing actions proclaimed pursuant to this subsection shall be of broad and uniform application with respect to product coverage except that the President shall not proclaim measures under this subsection with respect to those articles where in his judgment such action will cause or contribute to material injury to firms or workers in any domestic industry, including agriculture, mining, fishing, or commerce, or to impairment of the national security, or will otherwise be contrary to the national interest.

On page 39, at the beginning of line 1, strike out "(c)" and insert in lieu thereof "(d)".

On page 39, in line 10, strike out the word "would" and insert in lieu thereof the word "will".

On page 39, in line 13, strike out the word "surcharge" and insert in lieu thereof the word "action".

On page 40, at the beginning of line 4, strike out "(d)" and insert in lieu thereof "(e)".

On page 40, in line 8, strike out the words "or groups of articles".

On page 40, in line 15, strike out the word "would" and insert in lieu thereof the word "will".

On page 40, at the beginning of line 23, strike out "(e)" and insert in lieu thereof "(f)".

On page 40, in line 24, strike out "(B)" and insert in lieu thereof "(B) or (C)".

On page 40, in line 25, strike out the words "or group of articles".

On page 41, in line 2, after the first word "value" insert the words "which is".

On page 41, in line 3, after the first word "article" strike out the words "or articles".

On page 41, in line 6, after the word "article" strike out the words "or articles".

On page 41, in line 10, after the word "article" strike out the words "or articles".

On page 41, at the beginning of line 12, strike out "(f)" and insert in lieu thereof "(g)".

On page 41, in line 15, after the words "150-day" insert the words "or 180-day".

On page 41, at the end of line 15, strike out the words "effectiveness or" and insert in lieu thereof the words "effectiveness, as applicable, or".

On page 41, at the beginning of line 18, strike out "(g)" and insert in lieu thereof "(h)".

On page 41, beginning at line 21, strike out the following language:

SEC. 123. AUTHORITY TO SUSPEND IMPORT BARRIERS TO RESTRAIN INFLATION.

(a) If, during a period of sustained or rapid price increases, the President determines that supplies of articles, imports of which are dutiable or subject to any other import restriction, are inadequate to meet domestic demand at reasonable prices, he may, either generally or by article or category of articles—

(1) proclaim a temporary reduction in, or suspension of, the duty applicable to any article; and

(2) proclaim a temporary increase in the value or quantity of articles which may be imported under any import restriction.

Proclamations under this section in effect at any time shall not apply to more than 30 percent of the estimated total value of United States imports of all articles during the time such actions are in effect.

(b)(1) The President shall exclude from the application of any proclamation issued under subsection (a) any article if in his judgment such action would cause or contribute to material injury to firms or workers in any domestic industry, including agriculture, mining, fishing, or commerce, or to impairment of the national security, or would otherwise be contrary to the national interest.

(2) The President shall exclude from the application of any proclamation under subsection (a) any article which is the subject of any proclamation under section 22 of the Agricultural Adjustment Act.

(c) The President may, to the extent that such action is consistent with the purposes of this section and the limitations contained in this section, proclaim the modification or termination, in whole or in part, of any proclamation issued under subsection (a).

(d) The President shall promptly notify each House of Congress of any action taken under this section and the reasons therefor.

(e) The effective period for any proclamation issued under this section with respect to any article shall not exceed 150 days (unless a longer period is authorized by Act of Congress); nor shall any article which has been the subject of any proclamation issued under this section be the subject of another proclamation issued under this section until 1 year has expired after the termination of the effective period of such prior proclamation.

On page 43, in line 15, strike out the number "124." and insert in lieu thereof the number "123.".

On page 43, in line 17, after the number "203" strike out "(b)".

On page 43, in line 19, after the word "into" insert the word "trade".

On page 43, in line 20, after the word "countries" insert the words "or instrumentalities".

On page 44, in line 3, after "(b)" insert "(1)".

On page 44, at the begining of line 5, strike out the words "more than 30 percent below" and insert in lieu thereof the words "less than 70 percent of".

On page 44, beginning at line 7, insert the following new language:

(2) Where the rate of duty in effect at any time is an intermediate stage under section 109, the proclamation made pursuant to subsection (a) may provide for the reduction of each rate of duty at each such stage proclaimed under section 101 by not more than 30 percent of such rate of duty, and may provide for a final rate of duty which is not less than 70 percent of the rate of duty proclaimed as the final stage under section 101.

(3) If the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed the limitations provided by paragraphs (1) and (2) of this subsection by not more than the lesser of—

(A) the difference between such limitation and the next lower whole number, or

(B) one-half of 1 percent ad valorem.

(4) Any concessions granted under subsection (a)(1) shall be reduced and terminated according to substantially the same time schedule for reduction applicable to the relevant import relief under section 203(h).

On page 45, beginning at line 3, strike out the following language:

(c) No agreement may be entered into under this section during any period in which agreements may be entered into under section 101.

And insert in lieu thereof:

(c) No trade agreement may be entered into under this section with any foreign country or instrumentality if such country or instrumentality has violated trade agreement concessions of benefit to the United States and such violation has not been adequately offset by action of the United States or by such country or instrumentality.

(d) Notwithstanding the provisions of subsection (a), the authority delegated under section 101 shall be used for the purpose of granting new concessions as compensation within the meaning of this section until such authority terminates.

On page 45, in line 16, after the word "SEC." strike out "125. AUTHORITY TO RENEGOTIATE DUTIES." and insert in lieu thereof "124. TWO-YEAR RESIDUAL AUTHORITY TO NEGOTIATE DUTIES."

On page 45, at the beginning of line 23, strike out the words "stated in section 2" and insert in lieu thereof the words "of this Act".

On page 46, in line 10, after the words "duty-free" insert the words "or excise".

On page 46, at the beginning of line 16, strike out the words "more than 20 percent below" and insert in lieu thereof the words "less than 80 percent of".

On page 46, beginning at line 24, insert the following new language:

(3) Where the rate of duty in effect at any time is an intermediate stage under section 109, the proclamation made pursuant to subsection (a) may provide for the reduction of each rate of duty at each such stage proclaimed under section 101 by not more than 20 percent of such rate of duty, and, subject to the limitation in paragraph (2), may provide for a final rate of duty which is not less than 80 percent of the rate of duty proclaimed as the final stage under section 101.

(4) If the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed the limitations provided by paragraphs (1) and (2) of this subsection by not more than the lesser of—

(A) the difference between such limitation and the next lower whole number, or

(B) one-half of 1 percent ad valorem.

On page 47, in line 19, strike out the number "126." and insert in lieu thereof the number "125.".

On page 47, in line 22, strike out the word "termination" and insert in lieu thereof the words "termination, in whole or in part,".

On page 48, beginning at line 7, strike out the following language:

(c) Whenever the United States, acting in pursuance of any of its rights or obligations under any trade agreement entered into pursuant to this Act, section 201 of the Trade Expansion Act of 1962, or section 350 of the Tariff Act of 1930, withdraws or suspends any obligation with respect to the trade of any foreign country or instrumentality thereof, the President is authorized, to the extent, at such times, and for such periods as he deems necessary or appropriate, in order to exercise the rights or fulfill the obligations of the United States and consistently with the purposes stated in section 2 and the international obligations of the United States, in adition to exercising the authority contained in subsection (b), to proclaim an increase in any existing duty to a rate not more than 50 percent above the rate existing on July 1, 1934, or 20 percent ad valorem above the rate existing on July 1, 1973, whichever is higher, and to proclaim the withdrawal or suspension of the application, in whole or in part, of the agreement.

And insert in lieu thereof:

(c) Whenever the United States, acting in pursuance of any of its rights or obligations under any trade agreement entered into pursuant to this Act, section 201 of the Trade Expansion Act of 1962, or section 350 of the Tariff Act of 1930, withdraws, suspends, or modifies any obligation with respect to the trade of any foreign country or instrumentality thereof, the President is authorized to proclaim increased duties or other import restrictions, to the extent, at such times, and for such periods as he deems necessary or appropriate, in order to exercise the rights or fulfill the obligations of the United States. No proclamation shall be made under this subsection increasing any existing duty to a rate more than 50 percent above the rate set forth in rate column numbered 2 of the Tariff Schedules of the United States, as in effect on January 1, 1975, or 20 percent ad valorem above the rate existing on July 1, 1975, whichever is higher.

(d) Whenever any foreign country or instrumentality withdraws, suspends, or modifies the application of trade agreement obligations of benefit to the United States without granting adequate compensation therefor, the President, in pursuance of rights granted to the United States under any trade agreement and to the extent necessary to protect United States economic interests (including United States balance of payments), shall—

(1) withdraw, suspend, or modify the application of substantially equivalent trade agreement obligations of benefit to such foreign country or instrumentality, and

(2) proclaim under subsection (c) such increased duties or other import restrictions as are appropriate to effect adequate compensation from such foreign country or instrumentality.

On page 50, at the beginning of line 7, strike out "(d)" and insert in lieu thereof "(e)".

On page 50, in line 12, after the word "agreement" insert the words "or by the withdrawal of the United States from such agreement".

On page 50, in line 14, after the word "termination" insert the words "or withdrawal".

On page 50, in line 16, after the words "level" insert the words "at which".

On page 50, in line 17, srike out the word "of" and insert in lieu thereof these words "after the date of".

On page 50, in line 18, after the word "termination" insert the words "or withdrawal".

On page 50, at the beginning of line 21, insert the words "or withdrawal".

On page 50, at the beginning of line 23, strike out "(e)" and insert in lieu thereof "(f)".

On page 50, in line 24, srike out "(b) or (c)" and insert in lieu thereof "(b), (c), or (d)".

On page 51, in line 2, after the word "heard" insert a comma and the words "unless he determines that such prior hearings will be contrary to the national interest because of the need for expeditious action, in which case he shall provide for a public hearing promptly after such action".

On page 51, in line 6, after the word "SEC." strike out "127. NONDISCRIMINATORY TREATMENT." and insert in lieu thereof "126. RECIPROCAL NONDISCRIMINATORY TREATMENT."

On page 51, at the beginning of line 8, insert "(a)".

On page 51, beginning at line 13, insert the following new language:

(b) The President shall determine, after the conclusion of all negotiations entered into under this Act or at the end of the 5-year period beginning on the date of enactment of this Act, whichever is earlier, whether any major industrial country has failed to make concessions under trade agreements which provide competitive opportunities for the commerce of the United States in such country substantially equivalent to the competitive opportunities, provided by concessions made by the United States under trade agreements, for the commerce of such country in the United States.

(c) If the President determines under subsection (b) that a major industrial country has not made concessions under trade agreements which provide such substantially equivalent competitive opportunities for the commerce of United States, he shall, either generally with respect to such country or by article produced by such country, in order to restore equivalence of competitive opportunities—

(1) proclaim the termination of concessions or refrain from proclaiming benefits of trade agreement concessions made with respect to rates of duty or other import restrictions by the United States under any trade agreement; and

(2) recommend to Congress that any legislation necessary to carry out any trade agreement entered into under section 102 shall not apply to such country.

(d) For purposes of this section, "major industrial country" means Canada, the European Economic Community, the individual member countries of such Community, Japan, and any other foreign country designated by the President for purposes of this subsection.

On page 52, in line 18, strike out the number "128." and insert in lieu thereof the number "127.".

On page 52, beginning at line 25, strike out the following language:

(b) While there is in effect with respect to any article any action taken under section 203 of this Act, or section 232 or 351 of the Trade Expansion Act of 1962 (19 U.S.C. sec. 1862, 1981), the President shall reserve such article from negotiations under this title (and from any action under section 122(b) or (123) contemplating reduction or elimination of any duty or other import restriction. In addition, the President shall also so reserve any other article which he determines to be appropriate, taking into consideration information and advice available pursuant to and with respect to the matters covered by section 131, 132, 133(b), where applicable.

And insert in lieu thereof:

(b) While there is in effect with respect to any article any action taken under section 203 of this Act, or section 232 or 351 of the Trade Expansion Act of 1962 (19 U.S.C. 1862 or 1981), the President shall reserve such article from negotiations under this title (and from any action under section 122(c)) contemplating reduction or elimination of—

(A) any duty on such article,

(B) any import restriction imposed under such section, or

(C) any other import restriction, the removal of which will be likely to undermine the effect of the import restrictions referred to in subparagraph (B).

In addition, the President shall also so reserve any other article which he determines to be appropriate, taking into consideration information and advice available pursuant to and with respect to the matters covered by sections 131, 132, and 133, where applicable.

(c) The President shall submit to the Congress an annual report on section 232 of the Trade Expansion Act of 1962. Within 60 days after he takes any action under such section 232, the President shall report to the Congress the action taken and the reasons therefor.

(d) Section 232 of the Trade Expansion Act of 1962 is amended—

(1) by striking out "Director of the Office of Emergency Planning (hereinafter in this section referred to as the 'Director')" in the first sentence of subsection (b) and inserting in lieu thereof "Secretary of the Treasury (hereinafter referred to as the 'Secretary')";

(2) by striking out "advice from other appropriate departments and agencies" in the first sentence of subsection (b) and inserting in lieu thereof "advice from, and shall consult with, the Secretary of Defense, the Secretary of Commerce, and other appropriate officers of the United States";

(3) by striking out the last sentence of subsection (b) and inserting in lieu thereof the following: "The Secretary shall, if it is appropriate and after reasonable notice, hold public hearings or otherwise afford interested parties an opportunity to present information and advice relevant to such investigation. The Secretary shall report the findings of his investigation under this subsection with respect to the effect of the importation of such article in such quantities or under such circumstances upon the national security and, based on such findings, his recommendation for action or inaction under this section to the President within one year after receiving an application from an interested party or otherwise beginning an investigation under this subsection. If the Secretary finds that such article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall so advise the President and the President shall take such action, and for such time, as he deems necessary to adjust the imports of such article and its derivatives so that such imports will not threaten to impair the national security, unless the President determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security."; and

(4) by striking out "Director" each place it appears in subsections (c) and (d) and inserting in lieu thereof "Secretary".

On page 56, in line 3, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 56, in line 6, strike out "124 or 125" and insert in lieu thereof "123 or 124".

On page 56, in line 7, strike out the words "Tariff Commission" and insert in lieu thereof the words "International Trade Commission (hereafter in this section referred to as the 'Commission')".

On page 56, in line 17, after the word "list" insert the words "or, in the case of a list submitted in connection with a trade agreement authorized under section 123, within 90 days after receipt of such list".

On page 56, in line 20, strike out the word "Tariff".

On page 57, in line 3, strike out the word "Tariff".

On page 57, in line 6, strike out the number "103" and insert in lieu thereof the number "107".

On page 57, in line 9, strike out the word "Tariff".

On page 57, in line 16, strike out the word "Tariff".

On page 58, in line 20, strike out the word "Tariff".

On page 58, in line 25, strike out "124 or 125" and insert in lieu thereof "123 or 124".

On page 59, in line 8, strike out "124 or 125" and insert in lieu thereof "123 or 124".

On page 59, in line 22, strike out "124 or 125," and insert in lieu thereof "123 or 124,".

On page 59, in line 24, strike out the word "duty" and insert in lieu thereof the words "duty, import restriction, or other barrier to (or other distortion of) international trade".

On page 60, in line 2, strike out the word "duties" and insert in lieu thereof the words "duties, import restrictions, or barriers to (or other distortions of) international trade,".

On page 60, in line 7, strike out the following language:

In addition, the President may make such an offer only after he has received advice concerning such article from the Tariff Commission under section 131(b), or after the expiration of the relevant 6-month period provided for in that section, whichever first occurs.

And insert in lieu thereof:

In addition, the President may make an offer for the modification or continuance of any United States duty, the continuance of United States duty-free or excise treatment, or the imposition of additional duties, with respect to any article included in a list published and furnished under section 131(a), only after he has received advice concerning such article from the International Trade Commission under section 131(b), or after the expiration of the 6-month or 90-day period provided for in that section, as appropriate, whichever first occurs.

On page 61, in line 8, after the word "agriculture," insert the words "service industries,".

On page 61, in line 12, strike out the words "at the expiration of 5 years from the date of the enactment of this Act" and insert in lieu thereof the words "upon submission of its report required under subsection (e)(2)".

On page 61, beginning at line 22, insert the following new language:

(c)(1) The President may, on his own initiative or at the request of organizations representing industry, labor, or agriculture, establish general policy advisory committees for industry, labor, and agriculture, respectively, to provide general policy advice on any trade agreement referred to in section 101 or 102. Such committees shall, insofar as practicable, be representative of all industry, labor, or agricultural interests, respectively, and shall be organized by the President acting through the Special Representative for Trade Negotiations and the Secretaries of Commerce, Labor, and Agriculture, as appropriate.

On page 62, in line 9, strike out the words "(c) In addtion to the Committee established under subsection (b), the" and insert in lieu thereof "(2) The".

On page 62, in line 11, strike out the word "product".

On page 62, in line 12, after the word "agricultural" insert the word "sector".

On page 62, in line 20, strike out "(1)" and insert in lieu thereof "(A)".

On page 62, in line 21, strike out "(2)" and insert in lieu thereof "(B)".

On page 63, beginning at line 15, insert the following new language:

(e)(1) The Advisory Committee for Trade Negotiations, each appropriate policy advisory committee, and each sector advisory committee, if the sector which such committee represents is affected, shall meet at the conclusion of negotiations for each trade agreement entered into under this Act, to provide to the President, to Congress, and to the Special Representative for Trade Negotiations a report on such agreement. The report of the Advisory Committee for Trade Negotiations and each appropriate policy advisory committee shall include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and the report of the appropriate sector committee shall include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sector.

(2) The Advisory Committee for Trade Negotiations, each policy advisory committee, and each sector advisory committee shall issue a report to the Congress as soon as is practical after the end of the period which ends 5 years after the date of enactment of this Act. The report of the Advisory Committee for Trade Negotiations and each policy advisory committee shall include an advisory opinion as to whether and to what extent trade agreements entered into under this Act, taken as a whole, serve the economic interests of the United States. The report of each sector advisory committee shall include an advisory opinion on the degree to which trade agreements entered into under this Act which affect the sector represented by each such committee, taken as a whole, provide for equity and reciprocity within that sector.

On page 64, in line 19, strike out "(e)" and insert in lieu thereof "(f)".

On page 65, in line 2, after the word "section 10" insert the words "and section 11".

On page 65, beginning at line 11, strike out the following language:

(f) Information received in confidence by the Advisory Committee for Trade Negotiations or by any advisory committee established under subsection (c) shall not be disclosed to any person other than to officers or employees of the United States designated by the Special Representative for Trade Negotiations, by the Committee on Ways and Means of the House of Representatives, or by the Committee on Finance of the Senate to receive such information for use in connection with negotiation of a trade agreement referred to in section 101 or 102.

And insert in lieu thereof:

(g)(1)(A) Trade secrets and commercial or financial information which is privileged or confidential, submitted in confidence by the private sector to officers or employees of the United States in connection with trade negotiations, shall not be disclosed to any person other than to—

(i) officers and employees of the United States designated by the Special Representative for Trade Negotiations, and

(ii) members of the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate who are accredited as official advisers under section 161(a) or are designated by the chairman of either such committee under section 161(b)(2), and members of the staff of either such committee designated by the chairman under section 161(b)(2),

for use in connection with negotiation of a trade agreement referred to in section 101 or 102.

(B) Information, other than that described in paragraph (A), and advice submitted in confidence by the private sector to officers or employees of the United States, to the Advisory Committee for Trade Negotiations or to any advisory committee established under subsection (c), in connection with trade negotiations, shall not be disclosed to any person other than—

(i) the individuals described in subparagraph (A), and

(ii) the appropriate advisory committees established under this section.

(2) Information submitted in confidence by officers or employees of the United States to the Advisory Committee for Trade Negotiations, or to any advisory committee established under subsection (c), shall not be disclosed other than in accordance with rules issued by the Special Representative for Trade Negotiations and the Secretary of Commerce, Labor or Agriculture, as appropriate, after consultation with the relevant advisory committees established under subsection (c). Such rules shall define the categories of information which require restricted or confidential handling by such committee considering the extent to which public disclosure of such information can reasonably be expected to prejudice United States negotiating objectives. Such rules shall, to the maximum extent feasible, permit meaningful consultations by advisory committee members with persons affected by proposed trade agreements.

On page 67, in line 15, strike out "(g)" and insert in lieu thereof "(h)".

On page 67, in line 22, strike out "(h)" and insert in lieu thereof "(i)".

On page 68, in line 20, strike out "(i)" and insert in lieu thereof "(j)".

On page 68, in line 23, after the word "informal" insert the words "and, if such information is submitted under the provisions of subsection (g), confidential".

On page 69, in line 1, after the word "agriculture," insert the words "service industries,".

On page 69, in line 5, strike out "(j)" and insert in lieu thereof "(k)".

On page 69, in line 14, after the word "established" insert the words "within the Executive Office of the President".

On page 69, in line 21, after the words "the Senate." insert the words "As an exercise of the rulemaking power of the Senate, any nomination of the Special

Representative for Trade Negotiations submitted to the Senate for confirmation, and referred to a committee, shall be referred to the Committee on Finance."

On page 70, in line 8, after the words "the Senate." insert the words "As an exercise of the rulemaking power of the Senate, any nomination of a Deputy Special Representative submitted to the Senate for confirmation, and referred to a committee, shall be referred to the Committee on Finance."

On page 70, beginning at line 19, strike out the following language:

(B) be responsible to the President and to Congress for the administration of trade agreements programs under this Act and the Trade Expansion Act of 1962;

And insert in lieu thereof:

(B) report directly to the President and the Congress, and be responsible to the President and the Congress for the administration of trade agreements programs under this Act, the Trade Expansion Act of 1962, and section 350 of the Tariff Act of 1930;

On page 73, in line 6, strike out the words "665(b) of title 31, United States Code" and insert in lieu thereof the words "3679(b) of the Revised Statutes (31 U.S.C. 665(b))".

On page 73, beginning at line 17, insert the following new language:

(f) There are authorized to be appropriated to the Office of Special Representative for Trade Negotiations such amounts as may be necessary for the purpose of carrying out its functions for fiscal year 1976 and each fiscal year thereafter any part of which is within the 5-year period beginning on the date of the enactment of this Act.

(g)(1) The Office of Special Representative for Trade Negotiations established under Executive Order No. 11075 of January 15, 1963, as amended, is abolished.

(2) The assets, liabilities, contracts, property, and records and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, or available to such Office are transferred to the Office of Special Representative for Trade Negotiations established under subsection (a) of this section.

On page 74, in line 10, strike out "(f)" and insert in lieu thereof "(h)".

On page 74, in line 14, strike out the word "confirmed" and insert in lieu thereof the word "appointed".

On page 74, in line 16, after the words "paragraph (1)" insert the words "of subsection (b)".

On page 75, in line 1, strike out "DISAPPROVAL".

On page 75, beginning at line 4, insert the following new language:

SEC. 151. BILLS IMPLEMENTING TRADE AGREEMENTS ON NONTARIFF BARRIERS AND RESOLUTIONS APPROVING COMMERCIAL AGREEMENTS WITH COMMUNIST COUNTRIES

(a) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—This section and section 152 are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of implementing bills described in subsection (b)(1), implementing revenue bills described in subsection (b)(2), approval resolutions described in subsection (b)(3), and resolutions described in section 152(a); and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(b) DEFINITIONS.—For purposes of this section—

(1) The term "implementing bill" means only a bill of either House of Congress which is introduced as provided in subsection (c) with respect to one or more trade agreements submitted to the House of Representatives and the Senate under section 102 and which contains—

(A) a provision approving such trade agreement or agreements,

(B) a provision approving the statement of administrative action (if any) proposed to implement such trade agreement or agreements, and

(C) if changes in existing laws or new statutory authority is required to implement such trade agreement or agreements, provisions, necessary or appropriate to implement such trade agreement or agreements, either repealing or amending existing laws or providing new statutory authority.

(2) The term "implementing revenue bill" means an implementing bill which contains one or more revenue measures by reason of which it must originate in the House of Representatives.

(3) The term "approval resolution" means only a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: "That the Congress approves the extension of nondiscriminatory treatment with respect to the products of ——— transmitted by the President to the Congress on ———.", the first blank space being filled with the name of the country involved and the second blank space being filled with the appropriate date.

(c) INTRODUCTION AND REFERRAL.—

(1) On the day on which a trade agreement is submitted to the House of Representatives and the Senate under section 102, the implementing bill submitted by the President with respect to such trade agreement shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such a trade agreement is submitted, the implementing bill shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session. Such bills shall be referred by the Presiding Officers of the respective Houses to the appropriate committee, or, in the case of a bill containing provisions within the jurisdiction of two or more committees, jointly to such committees for consideration of those provisions within their respective jurisdictions.

(2) On the day on which a bilateral commercial agreement, entered into under title IV of this Act after the date of the enactment of this Act, is transmitted to the House of Representatives and the Senate, an approval resolution with respect to such agreement shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such an agreement is transmitted, the approval resolution with respect to such agreement shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session. The approval resolution introduced in the House shall be referred to the Committee on Ways and Means and the approval resolution introduced in the Senate shall be referred to the Committee on Finance.

(d) AMENDMENTS PROHIBITED.—No amendment to an implementing bill or approval resolution shall be in order in either the House of Representatives or the Senate; and no motion to suspend the application of this subsection shall be in order in either House, nor shall it be in order in either House for the Presiding Officer to entertain a request to suspend the application of this subsection by unanimous consent.

(e) PERIOD FOR COMMITTEE AND FLOOR CONSIDERATION.—

(1) Except as provided in paragraph (2), if the committee or committees of either House to which an implementing bill or approval resolution has been referred have not reported it at the close of the 45th day after its introduction, such committee or committees shall be automatically discharged from further consideration of the bill or resolution and it shall be placed on the appropriate calendar. A vote on final passage of the bill or resolution shall be taken in each House on or before the close of the 15th day after the bill or resolution is reported by the committee or committees of that House to which it was referred, or after such committee or committees have been discharged from further consideration of the bill or resolution. If prior to the passage by one House of an implementing bill or approval resolution of that House, that House receives the same implementing bill or approval resolution from the other House, then—

(A) the procedure in that House shall be the same as if no implementing bill or approval resolution had been received from the other House; but

(B) the vote on final passage shall be on the implementing bill or approval resolution of the other House.

(2) The provisions of paragraph (1) shall not apply in the Senate to an implementing revenue bill. An implementing revenue bill received from the House shall be referred to the appropriate committee or committees of the Senate. If such committee or committees have not reported such bill at the close of the 15th day after its receipt by the Senate (or, if later, before the close of the 45th day after the corresponding implementing revenue bill was introduced in the Senate), such committee or committees shall be automatically discharged from further consideration of such bill and it shall be placed on the calendar. A vote on final passage of such bill shall be taken in the Senate on or before the close of the 15th day after such bill is reported by the committee or committees of the Senate to which it was referred, or after such committee or committees have been discharged from further consideration of such bill.

(3) For purposes of paragraphs (1) and (2), in computing a number of days in either House, there shall be excluded any day on which that House is not in session.

(f) FLOOR CONSIDERATION IN THE HOUSE.—

(1) A motion in the House of Representatives to proceed to the consideration of an implementing bill or approval resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the House of Representatives on an implementing bill or approval resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the bill or resolution. A motion further to limit debate shall not be debatable. It shall not be in order to move to recommit an implementing bill or approval resolution or to move to reconsider the vote by which an implementing bill or approval resolution is agreed to or disagreed to.

(3) Motions to postpone, made in the House of Representatives with respect to the consideration of an implementing bill or approval resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to an implementing bill or approval resolution shall be decided without debate.

(5) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of an implementing bill or approval resolution shall be governed by the Rules of the House of Representatives applicable to other bills and resolutions in similiar circumstances.

(g) FLOOR CONSIDERATION IN THE SENATE.—

(1) A motion in the Senate to proceed to the consideration of an implementing bill or approval resolution shall be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the Senate on an implementing bill or approval resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) Debate in the Senate on any debatable motion or appeal in connection with an implementating bill or approval resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of an implementing bill or approval resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion in the Senate to further limit debate is not debatable. A motion to recommit an implementing bill or approval resolution is not in order.

On page 84, beginning at line 1, strike out the following language:

SEC. 151. RESOLUTIONS DISAPPROVING THE ENTERING INTO FORCE OF TRADE AGREEMENTS ON DISTORTIONS OF TRADE OR DISAPPROVING CERTAIN OTHER ACTIONS

(a) RULES OF HOUSE OF REPRESENTATIVES AND SENATE ON SUCH RESOLUTIONS.—This chapter is enacted by the Congress.

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b); and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(b) TERMS OF RESOLUTION.

(1) For purposes of this section, the term "resolution" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the ——— does not favor ——— transmitted to Congress by the President on ———", the first blank space therein being filled with the name of the resolving House, the third blank space therein being appropriately filled with the day and year, and the second blank space therein being filled in accordance with paragraph (2).

(2) The second blank space referred to in paragraph (1) shall be filled as follows:

(A) in the case of a resolution relating to the entering into force of a trade agreement under section 102(f), with the phrase "the entering into force of the trade agreement;"

(B) in the case of a resolution referred to in section 204(b), with the phrase "the taking effect or the continuation in effect of the proposed action under paragraph (3) or (4) of section 203(b) of the Trade Reform Act of 1973";

(C) in the case of a resolution referred to in section 302(b), with the phrase "the taking effect or the continuation in effect of action under section 301 of the Trade Reform Act of 1973"; and

(D) in the case of a resolution referred to in section 406(c), with the phrase "the entering into force or the continuing in effect of nondiscriminatory treatment with respect to the products of ———"
(with this blank space being filled by the name of the appropriate country).

(c) REFERENCE OF RESOLUTION TO COMMITTEE.—A resolution disapproving the entering into force of a trade agreement under section 102(f) shall be referred to the committee or committees of each House which would have jurisdiction over proposed legislation relating to matters covered by the proclamation and orders submitted with such agreement. A resolution referred to in section 204(b), 302(b), or 406(e), shall be referred to the Committee on Ways and Means of the House of Representatives or to the Committee on Finance of the Senate, as the case may be.

(d) DISCHARGE OF COMMITTEE CONSIDERING RESOLUTION.—

(1) If the committee to which a resolution has been referred has not reported it at the end of 7 calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution with respect to the agreement which has been referred to the committee.

(2) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same matter), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(3) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same matter.

(e) PROCEDURE AFTER REPORT OR DISCHARGE OF COMMITTEE; DEBATE.—

(1) When the committee has reported, or has been discharged from further consideration of, a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate on the resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(f) DECISIONS WITHOUT DEBATE ON MOTION TO POSTPONE OR PROCEED.—

(1) Motions to postpone, made with respect to the discharge from committee or the consideration of a resolution and motions to proceed to the consideration of other business, shall be decided without debate.

(2) Appeals from the decisions of the Chair relating to the application of the rules of the House of Representatives or the Senate, as the case may be, to the procedure relating to any resolution shall be decided without debate.

And insert in lieu thereof:

SEC. 152. RESOLUTIONS DISAPPROVING CERTAIN ACTIONS.

(a) CONTENTS OF RESOLUTIONS.—

(1) For purposes of this section, the term "resolution" means only—

(A) a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: "That the Congress does not approve ——— transmitted to the Congress on ———.", the first blank space being filled in accordance with paragraph (2) and the second blank space being filled with the appropriate date; and

(B) a resolution of either House of the Congress, the matter after the resolving clause of which is as follows: "That the ——— does not approve ——— transmitted to the Congress on ———.", with the first blank space being filled with the name of the resolving House, the second blank space being filled in accordance with paragraph (3), and the third blank space being filled with the appropriate date.

(2) The first blank space referred to in paragraph (1)(A) shall be filled as follows:

(A) in the case of a resolution referred to in section 203(c), with the phrase "the action taken by the President under section 203 of the Trade Reform Act of 1974"; and

(B) in the case of a resolution referred to in section 302(b), with the phrase "the action taken by the President under section 301 of the Trade Reform Act of 1974".

(3) The second blank space referred to in paragraph (1)(B) shall be filled as follows:

(A) in the case of a resolution referred to in section 303(e) of the Tariff Act of 1930, with the phrase "the determination of the Secretary of the Treasury under section 303 (d) of the Tariff Act of 1930";

(B) in the case of a resolution referred to in section 407(c)(2), with the phrase "the extension of nondiscriminatory treatment with respect to the products of ———"
(with this blank space being filled with the name of the country involved); and

(C) in the case of a resolution referred to in section 407(c)(3), with the phrase "the report of the President submitted under section ——— of the Trade Reform Act of 1974 with respect to ———" (with the first blank space being filled with "402(b)" or "403(b)", as appropriate, and the second blank space being filled with the name of the country involved).

(b) REFERENCE TO COMMITTEES.—All resolutions introduced in the House of Representatives shall be referred to the Committee on Ways and Means and all resolu-

tions introduced in the Senate shall be referred to the Committee on Finance.

(c) DISCHARGE OF COMMITTEES.—

(1) If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction, not counting any day which is excluded under section 153(b), it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same matter, except no motion to discharge shall be in order after the committee has reported a resolution with respect to the same matter.

(2) A motion to discharge under paragraph (1) may be made only by an individual favoring the resolution, and is highly privileged in the House and privileged in the Senate; and debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the resolution, and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(d) FLOOR CONSIDERATION IN THE HOUSE.—

(1) A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

(3) Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a resolution shall be decided without debate.

(5) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

(e) FLOOR CONSIDERATION IN THE SENATE.—

(1) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

(f) SPECIAL RULE FOR CONCURRENT RESOLUTIONS.—In the case of a resolution described in subsection (a)(1), if prior to the passage by one House of a resolution of that House, that House receives a resolution with respect to the same matter from the other House, then—

(1) the procedure in that House shall be the same as if no resolution had been received from the other House; but

(2) the vote on final passage shall be on the resolution of the other House.

On page 94, in line 15, strike out the number "152." and insert in lieu thereof the number "153".

On page 94, in line 16, strike out the word "DISAPPROVAL".

On page 94, in line 17, strike out "102(f), 204(b), 302(b), or 406 (a) and (b)," and insert in lieu thereof "102(e), 203(b), 302(a), or 407(a) or (b), or section 303(e) of the Tariff Act of 1930".

On page 95, in line 1, strike out the words "section 102(f)(3), 204(b), 302 (b), and 406(c)," and insert in lieu thereof the words "sections 203(c), 302 (b), 407(c)(2), and 407(c)(3)".

On page 95, beginning at line 14, strike out the following language:

At the beginning of each regular session of the Congress, the President shall, upon the recommendation of the Speaker of the House of Representatives, select five members (not more than three of whom shall be of the same political party) of the Committee on Ways and Means, and shall, upon the recommendation of the President of the Senate, select five members (not more than three of whom shall be of the same political party) of the Committee on Finance, who shall be accredited as official advisers to the United States delegation to international conferences, meetings, and negotiation sessions with respect to trade agreements. Any individual so selected may be reselected under this section.

And insert in lieu thereof:

(a) At the beginning of each regular session of Congress, the Speaker of the House of Representatives, upon the recommendation of the chairman of the Committee on Ways and Means, shall select five members (not more than three of whom are members of the same political party) of such committee, and the President pro tempore of the Senate, upon the recommendation of the chairman of the Committee on Finance, shall select five members (not more than three of whom are members of the same political party) of such committee, who shall be accredited by the President as official advisers to the United States delegations to international conferences, meetings, and negotiation sessions relating to trade agreements.

(b)(1) The Special Representative for Trade Negotiation shall keep each official adviser currently informed on United States negotiating objectives, the status of negotiations in progress, and the nature of any changes in domestic law or the administration thereof which may be recommended to Congress to carry out any trade agreement.

(2) The chairmen of the Committee on Ways and Means and the Committee on Finance may designate members (in addition to the official advisors under subsection (a)) and staff members of their respective committees who shall have access to the information provided to official advisers under paragraph (1).

On page 97, in line 5, strike out the numbers "124 or 125" and insert in lieu thereof the numbers "123 or 124".

On page 97, in line 10, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 97, in line 21, strike out the words "workers and firms" and insert in lieu thereof the words "workers, firms, and communities".

On page 98, in line 18, after the word "thereunder." insert the following:

Such report shall also include information regarding the number of applications filed for adjustment assistance for workers, firms, and communities, the number of such applications which were approved, and the extent to which adjustment assistance has been provided under such approved applications.

On page 98, in line 24, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 99, beginning at line 1, insert the following new language:

Chapter 7—UNITED STATES INTERNATIONAL TRADE COMMISSION

SEC. 171. CHANGE OF NAME OF TARIFF COMMISSION.

(a) The United States Tariff Commission (established by section 330 of the Tariff Act of 1930) is renamed as the United States International Trade Commission.

(b) Any reference in any law of the United States, or in any order, rule, regulation, or other document, to the United States Tariff Commission (or the Tariff Commission) shall be considered to refer to the United States International Trade Commission.

SEC. 172. ORGANIZATION OF THE COMMISSION.

(a) Subsections (a) and (b) of section 330 of the Tariff Act of 1930 (19 U.S.C. 1330) are amended to read as follows:

"(a) MEMBERSHIP.—The United States International Trade Commission (referred to in this title as the "Commission") shall be composed of seven commissioners who shall be appointed by the President, by and with the advice and consent of the Senate. No person shall be eligible for appointment as a commissioner unless he is a citizen of the United States, and, in the judgment of the President, is possessed of qualifications requisite for developing expert knowledge of international trade problems and efficiency in administering the duties and functions of the Commission. A person who has served as a commissioner for more than 7 years (excluding service as a commissioner before the date of the enactment of the Trade Reform Act of 1974) shall not be eligible for reappointment as a commissioner. Not more than four of the commissioners shall be members of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable.

"(b) TERMS OF OFFICE.—The terms of office of the commissioners holding office on the date of the enactment of the Trade Reform Act of 1974 which (but for this sentence) would expire on June 16, 1975, June 16, 1976, June 16, 1977, June 16, 1978, June 16, 1979, and June 16, 1980, shall expire on June 16, 1976, June 16, 1978, June 16, 1980, June 16, 1982, June 16, 1984, and June 16, 1986, respectively. The term of office of each commissioner appointed after such date shall expire 14 years from the date of the expiration of the term for which his predecessor was appointed, except that—

"(1) the term of the first commissioner appointed by reason of the increase in the

number of commissioners to seven shall expire on June 16, 1988; and

"(2) any commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed for the remainder of such term."

(b) Subsection (c) of such section is amended—

(1) by striking out "The" in the first sentence and inserting in lieu thereof "(1) Except as provided in paragraph (2), the"; and

(2) by adding at the end thereof the following new paragraph:

"(2) Effective on June 17, 1976, the commissioner whose term is first to expire shall serve as chairman during the last 2 years of his term (or, in the case of a commissioner appointed to fill a vacancy occurring in the last 2 years of a term, during the remainder of his term), and the commissioner whose term is second to expire shall serve as vice chairman during the same 2-year period (or, in the case of a commissioner appointed to fill a vacancy occurring during the last 3d or 4th year of a term, during the remainder of such 2-year period)."

(c)(1) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(60) Chairman, United States International Trade Commission."

(2) Section 5315 of such title is amended by striking out paragraph (24) and inserting in lieu thereof the following:

"(24) Members, United States International Trade Commission."

(3) Section 5316 of such title is amended by striking out paragraph (93).

SEC. 173. VOTING RECORD OF COMMISSIONERS.

Section 332(g) of the Tariff Act of 1930 (31 U.S.C. 1332(g)) is amended—

(1) by striking out "and" before "a summary", and

(2) by inserting before the period at the end ", and a list of all votes taken by the commission during the year, showing those commissioners voting in the affirmative and the negative on each vote and those commissioners not voting on each vote and the reasons for not voting".

SEC. 174. REPRESENTATION IN COURT PROCEEDINGS.

Section 333(c) of the Tariff Act of 1930 (19 U.S.C. 1333(c)) is amended—

(1) by striking out "Upon application of the Attorney General of the United States, at" in subsection (c) and inserting in lieu thereof "At", and

(2) by adding at the end thereof the following new subsection:

"(g) REPRESENTATION IN COURT PROCEEDINGS.—The Commission shall be represented in all judicial proceedings by attorneys who are employees of the commission or, at the request of the commission, by the Attorney General of the United States."

SEC. 175. INDEPENDENT BUDGET AND AUTHORIZATION OF APPROPRIATIONS.

(a)(1) Effective with respect to the fiscal year beginning October 1, 1976, for purposes of the Budget and Accounting Act, 1921 (31 U.S.C. 1 et seq.), estimated expenditures and proposed appropriations for the United States International Trade Commission shall be transmitted to the President on or before October 15 of the year preceding the beginning of each fiscal year and shall be included by him in the Budget without revision, and the Commission shall not be considered to be a department or establishment for purposes of such Act.

(2) Section 3679 of the Revised Statutes (31 U.S.C. 665) is amended by inserting "the United States International Trade Commission," before ", or the District of Columbia" each place it appears in subsections (d) and (g).

(b) Section 330 of the Tariff Act of 1930 (19 U.S.C. 1330) is amended by adding at the end thereof the following new subsection:

"(e) AUTHORIZATION OF APPROPRIATIONS.—For the fiscal year beginning October 1, 1976, and each fiscal year thereafter, there are authorized to be appropriated to the Commission only such sums as may hereafter be provided by law.".

(c)(1) Paragraph (2) is enacted as an exercise of the rulemaking power of the Senate and with full recognition of the constitutional right of the Senate to change its rules at any time.

(2) Paragraph 6(a) of rule XVI of the Standing Rules of the Senate is amended by adding at the end of the table contained therein the following:

"Committee on Finance ____ For the International Trade Commission.".

On page 104, line 14, strike out the word "TARIFF" and insert in lieu thereof the words "INTERNATIONAL TRADE".

On page 104, in line 18, strike out the words "Tariff Commission" and insert in lieu thereof the words "International Trade Commission (hereinafter in this chapter referred to as the "Commission")".

On page 105, in line 5, strike out the word "Tariff".

On page 105, in line 13, strike out the word "Tariff".

On page 105, in line 20, strike out the word "Tariff".

On page 106, in line 8, after the word "an" insert the word "absolute".

On page 106, in line 9, strike out the words "(either actual or relative to domestic production)".

On page 106, in line 14, strike out the word "Tariff".

On page 107, in line 2, strike out the word "Tariff".

On page 107, in line 8, strike out the word "Tariff".

On page 107, in line 11, strike out the word "Tariff".

On page 107, in line 16, strike out the word "Tariff".

On page 107, in line 20, strike out the word "Tariff".

On page 107, beginning at line 24, strike out the following language:

(d)(1) The Tariff Commission shall report to the President its findings under subsection (b) and the basis therefor and shall include in each report any dissenting or separate views. If the Tariff Commission finds with respect to any article, as a result of its investigation, the serious injury or threat thereof described in subsection (b), it shall find the amount of the increase in, or imposition of, any duty or other import restriction on such article which is necessary to prevent or remedy such injury and shall include such finding in its report to the President. The Tariff Commission shall furnish to the President a transcript of the hearings and any briefs which may have been submitted in connection with each investigation.

And insert in lieu thereof:

(d)(1) The Commission shall report to the President its findings under subsection (b), and the basis therefor and shall include in each report any dissenting or separate views. If the Commission finds with respect to any article, as a result of its investigation, the serious injury or threat thereof described in subsection (b), it shall—

(A) find the amount of the increase in, or imposition of, any duty or import restriction on such article which is necessary to prevent or remedy such injury, or

(B) if it determines that adjustment assistance under chapters 2, 3, and 4 can effectively remedy such injury, recommend the provision of such assistance,

and shall include such findings or recommendation in its report to the President. The Commission shall furnish to the President a transcript of the hearings and any briefs which were submitted in connection with each investigation.

On page 109, in line 3, strike out the word "Tariff".

On page 109, in line 9, strike out the word "Tariff".

On page 109, in line 14, strike out the word "Tariff".

On page 109, in line 18, strike out the word "Tariff".

On page 109, in line 20, strike out the word "Tariff".

On page 110, in line 9, strike out the word "Tariff".

On page 110, beginning at line 17, strike out the following language:

(a) After receiving a report from the Tariff Commission containing an affirmative finding under section 201(b) that increased imports have been a substantial cause of serious injury or threat thereof with respect to an injury—

(1) the President shall evaluate the extent to which adjustment assistance has been made available (or can be made available) under chapters 2 and 3 to the workers and firms in such industry, and, after such evaluation, may direct the Secretary of Labor and the Secretary of Commerce that expeditious consideration be given to petitions for adjustment assistance; and

(2) the President may provide import relief for such industry pursuant to section 203.

(b) Within 60 days (30 days in the case of a supplemental report under subsection (d)) after receiving a report from the Tariff Commission containing an affirmative finding under section 201(b) (or a finding under section 201(b) which he may treat as an affirmative finding by reason of section 330(d) of the Tariff Act of 1930), the President shall make his determination whether to provide import relief pursuant to section 203. If the President determines not to provide import relief, he shall immediately submit a report to the House of Representatives and to the Senate stating the considerations on which his decision was based.

And insert in lieu thereof:

(a) After receiving a report from the Commission containing an affirmative finding under section 201(b) that increased imports have been a substantial cause of serious injury or the threat thereof with respect to an industry, the President—

(1)(A) shall provide import relief for such industry pursuant to section 203, and

(B) shall evaluate the extent to which adjustment assistance has been made available (or can be made available) under chapters 2, 3, and 4 of this title to the workers and firms in such industry and to the communities in which such workers and firms are located, and, after such evaluation, may direct the Secretary of Labor and the Secretary of Commerce that expeditious consideration be given to the petitions for adjustment assistance; or

(2) if the Commission, under section 201(d), recommends the provision of adjustment assistance, shall direct the Secretaries of Labor and Commerce as described in paragraph (1)(B).

(b) Within 60 days after receiving a re-

port from the Commission containing an affirmative finding under section 201(b) (or a finding under section 201(b) which he considers to be an affirmative finding, by reason of section 330 (d) of the Tariff Act of 1930, within such 60-day period), the President shall—

(1) determine what method and amount of import relief he will provide, and whether he will direct expeditious consideration of adjustment assistance petitions, and publish in the Federal Register that he has made such determination; or

(2) if such report recommends the provision of adjustment assistance, publish in the Federal Register his order to the Secretary of Labor and Secretary of Commerce for expeditious consideration of petitions.

On page 113, in line 1, strike out the words "whether to provide import relief" and insert in lieu thereof the words "what method and amount of import relief he will provide".

On page 113, in line 14, strike out the word "chapter 3" and insert in lieu thereof the words "chapters 3 and 4".

On page 114, beginning at line 13, strike out the following language:

(9) the economic and social costs which would be incurred by taxpayers, communities, and workers, if import relief were or were not provided.

And insert in lieu thereof:

(9) the economic and social costs which will be incurred, and which would be incurred if no such import relief were provided, by taxpayers, communities and workers.

On page 114, in line 20, strike out the number "45" and insert in lieu thereof the number "15".

On page 114, in line 22, strike out the word "Tariff".

On page 114, in line 23, strike out the word "Tariff".

On page 114, in line 24, strike out the word "Tariff".

On page 114, in line 25, strike out the words "(60 days where extensive additional information is requested)".

On page 115, beginning at line 6, strike out the following language:

(a) For purposes of applying the provisions of this section, each of the following methods of providing relief from injury caused by imports shall be preferred to the methods listed below it:

(1) Increases in, or impositions of, duties.
(2) Tariff rate quotas.
(3) Quantitative restrictions.
(4) Orderly marketing agreements.

Nothing in this section shall prevent the use of a combination of two or more such methods.

(b) If the President determines to provide import relief pursuant to this section, he shall, to the extent that and

And insert in lieu thereof:

(a) If the President is required to provide import relief under section 202(a)(1), he shall, to the extent that and

On page 115, line 21, after the word "necessary" insert the words "taking into account the considerations specified in section 202(c)".

On page 116, beginning at line 13, strike out the following language:

(c) Whenever the President selects under this section a method or methods of providing relief from injury caused by imports, he shall report to the Congress what action he is taking, and he shall state with respect to each such method the reasons why he selected that method of providing relief from such injury rather than adjustment assistance and rather than each method of import relief ranks higher in preference.

And insert in lieu thereof:

(b) On the day on which the President proclaims import relief under this section or announces his intention to negotiate one or more orderly marketing agreements, the President shall transmit to Congress a document setting forth the action he is taking under this section. If the action taken by the President differs from the action recommended to him by the Commission under section 201(b)(1)(A), he shall state the reason for such difference.

(c)(1) If the President reports under subsection (b) that he is taking action which differs from the action recommended by the Commission under section 201(b)(1)(A), the action recommended by the Commission shall take effect (as provided in paragraph (2)) upon the adoption by both Houses of Congress (within the 90-day period following the date on which the document referred to in subsection (b) is transmitted to the Congress), by an affirmative vote of a majority of the Members of each House present and voting, of a concurrent resolution disapproving the action taken by the President under section 202(a)(1)(A).

(2) If the contingency set forth in paragraph (1) occurs, the President shall (within 30 days after the adoption of such resolution) proclaim the increase in, or imposition of, any duty or other import restriction on the article which was recommended by the Commission under section 201(b).

On page 117, in line 21, after the word "subsection" strike out "(b)" and insert in lieu thereof "(a) or (c)".

On page 118, in line 2, after the word "subsection" strike out "(b)" and insert in lieu thereof "(a) or (c)".

On page 118, in line 3, strike out the words "such subsection" and insert in lieu thereof the word "subsection (a)".

On page 118, beginning at line 9, strike out the following language:

(c)(1) Any initial proclamation made pursuant to paragraph (1), (2), or (3) of subsection (b)(a) shall be made within 15 days after the import relief determination date. Any initial orderly marketing agreement under paragraph (4) of subsection (b)(a) shall be entered into within 180 days after the import relief determination date.

(2) If, within 15 days after the import relief determination date, the President announces his intention to negotiate one or more orderly marketing agreements, the taking effect of any initial proclamation referred to in paragraph (1) may be withheld until the entering into effect of an orderly marketing agreement which is entered into on or before the 180th day after the import relief determination date, and the application of any such initial proclamation may be suspended while such agreement is in effect.

(3) For purposes of this subsection, the term "import relief determination date" means the date of the President's determination under section 202 to provide import relief.

And insert in lieu thereof:

(e)(1) Import relief under this section shall be proclaimed and take effect within 15 days after the import relief determination date unless the President announces on such date his intention to negotiate one or more orderly marketing agreements under subsection (a) (4) or (5) in which case import relief shall be proclaimed and take effect within 90 days after the import relief determination date.

(2) If the President provides import relief under subsection (a) (1), (2), (3), or (5), he may, after such relief takes effect, negotiate orderly marketing agreements with foreign countries, and may, after such agreements take effect, suspend or terminate, in whole or in part, such import relief.

(3) If the President negotiates an orderly marketing agreement under subsection (a) (4) or (5) and such agreement does not continue to be effective, he may, consistent with the limitations contained in subsection (h), provide import relief under subsection (a) (1), (2), (3), or (5).

(4) For purposes of this subsection, the term "import relief determination date" means the date of the President's determination under section 202(b) as to what method and amount of import relief he will provide.

On page 119, in line 23, after the word "and" strike out "(b)" and insert in lieu thereof "(c)".

On page 120, in line 3, after the word "and" strike out "(b)" and insert in lieu thereof "(c)".

On page 120, in line 8, strike out the words "or (2)".

On page 120, in line 9, after the word "subsection" strike out "(b)" and insert in lieu thereof "(a) or (c)".

On page 120, in line 9, strike out the word "Tariff".

On page 120, in line 13, after the words "(or threat thereof)" insert the words "substantially caused by imports".

On page 120, in line 16, after the number "807.00" strike out the comma and the words "or from the designation of the article as an eligible article for purposes of title V, as the case may be".

On page 120, beginning at line 19, insert the following new language:

(4) No proclamation which provides solely for a suspension referred to in paragraph (2) with respect to any article shall be made under subsection (a) or (c) unless the Commission, in addition to making an affirmative determination with respect to such article under section 201(b), determines in the course of its investigation under section 201 (b) that the serious injury (or threat thereof) substantially caused by imports to the domestic industry producing a like or directly competitive article results from the designation of the article as an eligible article for the purposes of title V.

On page 121, beginning at line 5, strike out the following language:

(g) No import relief shall be provided pursuant to this section unless due diligence has been exercised in notifying those persons who may be adversely affected by the providing of such relief, and unless the President has provided for a public hearing with respect to the proposal to provide such relief during the course of which interested persons have been given a reasonable opportunity to be present, to produce evidence, and to be heard.

On page 121, at the beginning of line 13, strike out "(h)" and insert in lieu thereof "(g)".

On page 121, in line 15, strike out "(b)(3)" and insert in lieu thereof "(a)(3) or (c)".

On page 121, in line 18, strike out "(b)(4)" and insert in lieu thereof "(a)(4), (a)(5), or (e)(2)".

On page 121, in line 22, strike out "(b)(5)" and insert in lieu thereof "(a)(4), (a)(5), or (e)(2)".

On page 122, at the beginning of line 8, strike out "(i)" and insert in lieu thereof "(h)".

On page 122, in line 21, after the word "section" insert the words "or section 351 or 352 of the Trade Expansion Act of 1962".

On page 122, in line 24, strike out the words "2-year" and insert in lieu thereof the words "3-year".

On page 123, at the beginning of line 1, strike out the word "Tariff".

On page 123, in line 1, after the word "subsection" strike out "(j)" and insert in lieu thereof "(i)".

On page 123, beginning at line 4, strike out the following language:

(4) Any import relief provided pursuant to this section may be reduced or terminated by the President when he determines, after taking into account the advice received from the Tariff Commission under subsection (2) and after seeking advice of the Secretary of Commerce and the Secretary of Labor, that such reduction or termination is in the national interest.

On page 123, at the beginning of line 11, strike out "(5)" and insert in lieu thereof "(4)".

On page 123, at the beginning of line 12, strike out "(j)" and insert in lieu thereof "(i)".

On page 123, at the beginning of line 15,(strike out "(j)" and insert in lieu thereof "(i)".

On page 123, in line 16, after the word "section" insert the words "or section 351 or 352 of the Trade Expansion Act of 1962".

On page 123, in line 17, strike out the word "Tariff".

On page 123, in line 24, strike out the word "Tariff".

On page 124, in line 1, strike out the word "reduction" and insert in lieu thereof the words "extension, reduction,".

On page 124, in line 4, strike out the word "Tariff".

On page 124, in line 7, after the word "section" insert the words "or section 351 or 352 of the Trade Expansion Act of 1962".

On page 124, in line 9, strike out the word "Tariff".

On pag 124, in line 14, strike out the word "Tariff".

On page 124, in line 21, strike out the word "Tariff".

On page 124, at the beginning of line 25, strike out "(k)" and insert in lieu thereof "(j)".

On page 125, beginning at line 5, strike out the following language:

SEC. 204. PROCEDURE FOR CONGRESSIONAL DISAPPROVAL OF QUANTITATIVE RESTRICTIONS AND ORDERLY MARKETING AGREEMENTS.

(a) Whenever the President issues a proclamation pursuant to section 203(b)(3) or enters into an orderly marketing agreement pursuant to section 203(b)(4), he shall promptly transmit to the House of Representatives and to the Senate a copy of such proclamation or agreement together with a copy of the statement required to be made to Congress under section 203(c).

(b) If, before the close of the 90 day period beginning on the day on which the copy of the proclamation or agreement is delivered to the House of Representatives and to the Senate pusuant to subsection (a), either the Houese of Representatives or the Senate adopts, by an affirmative vote of a majority of these present and voting in that House, a resolution of disapproval under the procedures set forth in section 151, then such proclamation or such agreement, as the case may be, shall have no force and effect beginning with the day after the date of the adoption of such resolution of disapproval.

(c) For purposes of section 203(e)(1), in the case of the adoption of any resolution of disapproval referred to in subsection (b), a second 15-day period during which the President shall provide import relief under paragraph (1) or (2) of section 203(b) shall be deemed to have started on the day on which the resolution of disapproval was adopted.

On page 127, in line 14, after the word "that"insert the word "absolute".

On page 127, beginning at line 20, insert the following new language:

For purposes of paragrah (3), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

On page 128, in line 18, after the words "Federal Register" insert the words "together with his reasons for making such determination".

On page 129, in line 1, after the words "Federal Register" insert the words "together with his reasons for making such determination".

On page 129, in line 5, strike out the word "TARIFF" and insert in lieu thereof of the words "INTERNATIONAL TRADE".

On page 129, in line 9, strike out the words "Tariff Commission" and insert in lieu thereof the words "International Trade Commission (hereafter referred to in this chapter as the 'Commission')".

On page 129, in line 12, strike out the word "Tariff".

On page 129, at the end of line 16, strike out the word "which" and insert in lieu thereof the word "who".

On page 129, in line 24, strike out the word "Tariff".

On page 130, in line 1, strike out the word "its" and insert in lieu thereof the word "his".

On page 130, in line 6, strike out the word "Tariff".

On page 131, beginning at line 24, strike out the following language:

(1)(A) in the case of any such week in the first 26 weeks of such allowances, 70 percent of his average weekly wage (but not in excess of the average weekly manufacturing wage), or

(B) in the case of any subsequent week of such allowances, 65 percent of his average weekly (but not in excess of the average weekly manufacturing wage) reduced by

And insert in lieu thereof:

(1) 70 percent of his average weekly wage (but not in excess of the average weekly manufacturing wage), reduced by

On page 133, in line 4, strike out the words "has received or is seeking" and insert in lieu thereof the words "receives, or which he would receive if he applied for such insurance,".

On page 134, beginning at line 10, strike out the following language:

allowance would exceed—

(1) in the case of any such week in the first 26 weeks of such allowances, 80 percent of his average weekly wage (or, if lesser, 130 percent of the average weekly manufacturing wage), or

(2) in the case of any subsequent week of such allowances, 75 percent of his average weekly wage (or, if lesser, 130 percent of the average weekly manufacturing wage),

And insert in lieu thereof:

allowance exceeds 80 percent of his average weekly wage (or, if lesser, 130 percent of the average weekly manufacturing wage),

On page 135, beginning at line 1, strike out the following language:

(g)(1) If unemployment insurance is paid under a State law to an adversely affected worker for a week for which—

(A) he receives a trade readjustment allowance, or

(B) he makes application for a trade readjustment allowance and would be entitled (determined without regard to subsection (c) or (e)) to receive such allowance,

the State agency making such payment shall, unless it has been reimbursed for such payment under Federal law, be reimbursed from funds the authorization contained in pursuance to section 245(b), to the extent such payment does not exceed the amount of the trade readjustment allowance which such worker would have received, or would have been entitled to receive, as the case may be, if he had not received the State payment. The amount of such reimbursement shall be determined by the Secretary on the basis of reports furnished to him by the State agency.

(2) In any case in which a State agency is reimbursed under paragraph (1) for payments of unemployment insurance made to an adversely affected worker, such payments, and the period of unemployment of such worker for which such payments were made, may be disregarded under the State law (and for purposes of applying section 3303 of the Internal Revenue Code of 1954) in determining whether or not an employer is entitled to a reduced rate of contributions permitted by the State law.

On page 136, in line 15, strike out the number "13" and insert in lieu thereof the number "26".

On page 136, beginning at line 18, insert the following new language:

In no case may an adversely affected worker be paid trade readjustment allowances for more than 78 weeks.

On page 136, beginning at line 20, strike out the following language:

(b) Except for a payment made for an additional week specified in subsection (a), a trade readjustment allowance shall not be paid for a week of unemployment beginning more than 2 years after the beginning of the appropriate week. A trade readjustment allowance shall not be paid for any additional week specified in subsection (a) if such week begins more than 3 years after the beginning of the appropriate week. The appropriate week for a totally separated worker is the week of his most recent total separation. The appropriate week for a partially separated worker is the week in respect of which he first receives a trade readjustment allowance following his most recent partial separation.

And insert in lieu thereof:

(b)(1) Except for a payment made for an additional week under subsection (a)(1) or (a)(2), a trade readjustment allowance may not be paid for a week of unemployment beginning more than 2 years after the beginning of the appropriate week.

(2) A trade readjustment allowance may not be paid for an additional week specified in subsection (a)(1) if the adversely affected worker who would receive such allowance did not make a bona fide application to a training program approved by the Secretary within 180 days after the end of the appropriate week or the date of his first certification of eligibility to apply for ad-

justment assistance issued by the Secretary, whichever is later.

(3) A trade readjustment allowance may not be paid for an additional week specified in subsection (a) if such additional week begins more than 3 years after the beginning of the appropriate week.

(4) For purposes of this subsection, the appropriate week—

(A) for a totally separated worker is the week of his most recent total separation, and

(B) for a partially separated worker is the first week for which he receives a trade readjustment allowance following his most recent partial separation.

On page 139, in line 18, strike out the words "through manpower programs established by law." and insert in lieu thereof the words "on the job.".

On page 140, in line 1, strike out "$5" and insert in lieu thereof "$15".

On page 140, in line 2, strike out the number "10" and insert in lieu thereof the number "12".

On page 144, in line 2, strike out the word "payments" and insert in lieu thereof the words "program benefits".

On page 144, beginning at line 6, insert the following new language:

(e) Section 3302(c) of the Internal Revenue Code of 1954 (relating to credits against Federal unemployment tax) is amended by inserting after paragraph (3) the following new paragraph:

"(4) If the Secretary of Labor determines that a State, or State agency, has not—

"(A) entered into the agreement described in section 239 of the Trade Reform Act of 1974, with the Secretary of Labor before July 1, 1975, or

"(B) fulfilled its commitments under an agreement with the Secretary of Labor as described in section 239 of the Trade Reform Act of 1974,

then, in the case of a taxpayer subject to the unemployment compensation law of such State, the total credits (after applying subsections (a) and (b) and paragraphs (1), (2), and (3) of this section) otherwise allowable under this section for a year during which such State or agency does not enter into or fulfill such an agreement shall be reduced by 15 percent of the tax imposed with respect to wages paid by such taxpayer during such year which are attributable to such State.".

On page 145, in line 11, strike out the word "payments" and insert in lieu thereof the words "program benefits".

On page 146, in line 1, strike out the following language:

Sums reimbursable to a State pursuant to section 232(g) shall be credited to the account of such State in the Unemployment Trust Fund and shall be used only for the payment of cash benefits to individuals with respect to their unemployment, exclusive of expenses of administration.

On page 146, in line 12, after the word "Assistance" insert the word "Trust".

On page 148, in line 25, after "(b)" insert "(1)".

On page 148, in line 25, strike out the word "is" and insert in lieu thereof the word "are".

On page 149, beginning at line 7, insert the following new language:

(2) There are authorized to be appropriated to the Trust Fund, for purposes of training (including administrative costs) under section 236, $50,000,000 for fiscal year 1975 and such sums as may be necessary for the 5 succeeding fiscal years.

On page 149, in line 17, strike out the words "approved or".

On page 150, in line 3, strike out the word "Tariff".

On page 151, beginning at line 4, strike out the following language:

(2) for weeks of unemployment beginning on or after the effective date of this chapter, to the rights and privileges provided in this chapter.

And insert in lieu thereof:

(2) for weeks of unemployment beginning on or after the effective date of this chapter, to the rights and privileges provided in this chapter, except that the total number of weeks of unemployment, as defined in the Trade Expansion Act of 1962, for which trade readjustment allowances were payable under that Act shall be deducted from the total number of weeks of unemployment for which an adversely affected worker is eligible for trade readjustment allowances under this chapter.

On page 151, in line 16, strike out the word "Tariff".

On page 153, in line 19, strike out the words "(75 percent in the case of any week after the first 26 weeks in which he is eligible to receive a trade readjustment allowance)".

On page 154, in line 25, strike out the words "(75 percent in the case of any week after the first 26 weeks in which he is eligible to receive a trade readjustment allowance)".

On page 155, beginning at line 13, insert the following new language:

SEC. 249. SUBPENA POWER.

(a) The Secretary may require by subpena the attendance of witnesses and the production of evidence necessary for him to make a determination under the provisions of this chapter.

(b) If a person refuses to obey a subpena issued under subsection (a), a United States district court within the jurisdiction of which the relevant proceeding under this chapter is conducted may, upon petition by the Secretary, issue an order requiring compliance with such subpena.

SEC. 250. JUDICIAL REVIEW.

(a) A worker or group of workers, or an authorized representative of such worker or group, aggrieved by a final determination by the Secretary under the provisions of section 223 may, within 60 days after notice of such determination, file a petition for review of such determination with the United States court of appeals for the circuit in which such worker or group is located or in the United States Court of Appeals for the District of Columbia Circuit. The clerk of such court shall send a copy of such petition to the Secretary. Upon receiving such petition, the Secretary shall promptly certify and file in such court the record on which he based such determination.

(b) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(c) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

On page 157, beginning at line 1, strike out the following language:

SEC. 249. EFFECTIVE DATE.

This chapter (other than section 250) shall become effective on the 90th day following the date of the enactment of this Act.

SEC. 250. COORDINATION.

There is hereby established the Adjustment Assistance Coordinating Committee to consist of a Deputy Special Trade Representative as Chairman, and the officials charged with adjustment assistance responsibilities of the Departments of Labor and Commerce and the Small Business Administration. It shall be the function of the Committee to coordinate the adjustment assistance policies and programs of the various agencies involved and to promote the efficient and effective delivery of adjustment assistance benefits.

On page 158, in line 19, after the word "that" insert the word "absolute".

On page 158, in line 22, strike out the word "separation" and insert the words "separation, or threat thereof,".

On page 158, beginning at line 24, insert the following new language:

For purposes of paragraph (3), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

On page 159, in line 14, after "(b)" insert "(1)".

On page 159, at the beginning of line 19, strike out "(1)" and insert in lieu thereof "(A)".

On page 159, at the beginning of line 21, strike out "(2)" and insert in lieu thereof "(B)".

On page 159, at the beginning of line 22, strike out "(A)" and insert in lieu thereof "(i)".

On page 160, at the beginning of line 1, strike out "(B)" and insert in lieu thereof "(ii)".

On page 160, at the beginning of line 3, strike out "(C)" and insert in lieu thereof "(iii)".

On page 160, beginning at line 6, insert the following new language:

(2) The Secretary shall make a determination as soon as possible after the date on which an application is filed under this section, but in no event later than 60 days after such date.

On page 162, beginning at line 22, strike out the following language:

(b) In the case of guaranteed loans, the guaranteed portion of the loan shall not bear interest at a rate higher than the maximum rate permissible in the case of loans to small businesses which are guaranteed by the Small Business Administration. The rate of interest on direct loans shall be the prevailing rate authorized for loans to small businesses by the Small Business Administration.

And insert in lieu thereof:

(b) The rate of interest on loans which are guaranteed under this chapter shall be no higher than the maximum interest per annum that a participating financial institution may establish on guaranteed loans made pursuant to section 7(a) of the Small Business Act (15 U.S.C. 636(a)). The rate of interest on direct loans made under this chapter shall be (1) a rate determined by the Secretary of the Treasury taking into

consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity that are comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 percent, plus (ii) an amount adequate in the judgment of the Secretary to cover administrative costs and probable losses under the program.

On page 164, in line 7, strike out the word "businesses".

On page 164, in line 10, strike out the words "that portion of the loan made for purposes specified in section 254(b)" and insert in lieu thereof the words "the balance of the loan outstanding".

On page 164, beginning at line 18, insert the following new language:

(g) The Secretary may charge a fee to a lender which makes a loan guaranteed under this chapter in such amount as is necessary to cover the cost of administration of such guarantee.

On page 106, at the beginning of line 22, strike out "(g)" and insert in lieu thereof "(h)".

On page 165, beginning at line 6, strike out the following language:

(a) In the case of any firm which is a small business (within the meaning of the Small Business Act and regulations promulgated thereunder), the Secretary may delegate all or any part of his functions under this chapter (other than the functions under section 251 with respect to the certification of eligibility) to the Administrator of the Small Business Administration.

And insert in lieu thereof:

(a) In the case of any firm which is small (within the meaning of the Small Business Act and regulations promulgated thereunder), the Secretary may delegate all of his functions under this chapter (other than the functions under sections 251 and 252(d) with respect to the certification of eligibility and section 264) to the Administrator of the Small Business Administration.

On page 166, beginning at line 1, insert the following new language:

(c) The unexpended balances of appropriations authorized by section 312(d) of the Trade Expansion Act of 1962 are transferred to the Secretary to carry out his functions under this chapter.

On page 167, beginning at line 12, insert the following new language:

(c) All repayments of loans, payments of interest, and other receipts arising out of transactions entered into by the Secretary pursuant to this chapter, shall be available for financing functions performed under this chapter, including administrative expenses in connection with such functions.

On page 169, in line 5, strike out the words "the action of the Secretary" and insert in lieu thereof the words "a determination".

On page 170, in line 13, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 170, in line 14, after the word "Commission" insert the words "(hereafter in this chapter referred to as the "Commission")".

On page 170, in line 16, strike out the word "Tariff".

On page 170, in line 21, strike out the word "Tariff".

On page 171, in line 2, strike out the word "Tariff".

On page 171, in line 18, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 171, in line 21, strike out the word "Tariff".

On page 171, in line 23, strike out the word "Tariff".

On page 172, in line 10, strike out the word "Tariff".

On page 172, in line 16, strike out the word "Tariff".

On page 173, beginning at line 1, insert the following new language:

Chapter 4—ADJUSTMENT ASSISTANCE FOR COMMUNITIES

SEC. 271. PETITIONS AND DETERMINATIONS.

(a) A petition for certification of eligibility for adjustment assistance under this chapter may be filed with the Secretary of Commerce (hereinafter in this chapter referred to as the "Secretary") by a political subdivision of a State (hereinafter in this chapter referred to as a "community"), by a group of such communities, or by the Governor of a State on behalf of such communities. Upon receipt of the petition, the Secretary shall promptly publish notice in the Federal Register that he has received the petition and initiated an investigation.

(b) If the petitioner, or any other person found by the Secretary to have a substantial interest in the proceedings, submits not later than 10 days after the Secretary's publication of notice under subsection (a) a request for a hearing the Secretary shall provide for a public hearing and afford such interested persons an opportunity to be present, to produce evidence, and to be heard.

(c) The Secretary shall certify a community as eligible for adjustment assistance under this chapter if he determines—

(1) that a significant number or proportion of the workers in the trade impacted area in which such community is located have become totally or partially separated, or are threatened to become totally or partially separated,

(2) that sales or production, or both, of firms, or subdivisions of firms, located in the trade impacted area specified in paragraph (1) have decreased absolutely, and

(3) that absolute increases of imports of articles like or directly competitive with articles produced by firms, or subdivisions of firms, located in the trade impacted area specified in paragraph (1) or that the transfer of firms or subdivisions of firms located in such area to foreign countries have contributed importantly to the total or partial separations, or threats thereof, described in paragraph (1) and to the decline in sales or production described in paragraph (2).

For purposes of paragraph (3), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

(d) As soon as possible after the date on which a petition is filed under this section, but in any event not later than 60 days after that date, the Secretary shall determine whether the petitioning community, or group of communities, meets the requirements of subsection (c) and shall issue a certification of eligibility for assistance under this chapter covering any community located in the same trade impacted area in which the petitioner is located which meets such requirements.

(e) The Secretary, after consulting the Secretary of Labor, shall establish the size and boundaries of each trade impacted area, considering the criteria in subsection (c) and, to the extent they are relevant, the factors specified as criteria for redevelopment areas under section 401 of the Public Works and Economic Development Act of 1965.

(f) If the Secretary determines that a community requires no additional assistance under this chapter, he shall terminate the certification of eligibility of such community and promptly have notice of such termination published in the Federal Register. Such termination shall take effect on the termination date specified by the Secretary.

SEC. 272. TRADE IMPACTED AREA COUNCILS.

(a) Within 60 days after a community is certified under section 271, the Secretary shall send his representatives to the trade impacted area in which such community is located to inform officials of communities and other residents of such area about benefits available to them under this Act and to assist such officials and residents in establishing a Trade Impacted Area Council for Adjustment Assistance (hereinafter in this chapter referred to as the "Council") for such area.

(b)(1) The Secretary shall establish, subject to the last sentence of this paragraph, a Council for each trade impacted area in which one or more communities are certified under section 271. Such Council shall—

(A) develop a proposal for an adjustment assistance plan for the economic rejuvenation of certified communities in its trade impacted area, and

(B) coordinate community action under the adjustment assistance plan, as approved by the Secretary.

If an appropriate entity for purposes of performing the functions specified in subparagraphs (A) and (B) already exists in such area, then the Secretary may designate such entity as the Council for such area.

(2) Such Council shall include representatives of certified communities, industry, labor, and the general public located in the trade impacted area covered by the Council.

(c) Upon application by a Council established under subsection (b), the Secretary is authorized to make grants to such Council for maintaining an appropriate professional and clerical staff. No grant shall be made to a Council to maintain staff after the period which ends 2 years after the date on which such Council is established or designated.

(d) A Council established under this section may file an application with the Secretary for adjustment assistance under this chapter. Such application shall include the Council's proposal for an adjustment assistance plan for the communities in its trade impacted area.

SEC. 273. PROGRAM BENEFITS.

(a) Adjustment assistance under this chapter consists of—

(1) all forms of assistance, other than loan guarantees which are provided to a redevelopment area under the Public Works and Economic Development Act of 1965, and

(2) the loan guarantee program described in subsection (d).

(b) No adjustment assistance may be extended to any community or person in a trade impacted area under this chapter unless the Secretary approves the adjustment assistance plan submitted to him under section 272(d).

(c) For purposes of the Public Works and Economic Development Act of 1965—

(1) a trade impacted area for which an adjustment assistance plan has been approved under section 272(d) shall be treated as a redevelopment area, except that—

(A) no loan guarantees may be made to any person under such Act; and

(B) no loan or grant may be made to any recipient in such an area after September 30, 1980, and

(2) approval of an adjustment assistance plan submitted under section 272(d) shall be treated as approval of an overall economic

development program under section 202(b)(10) of such Act.

(d) The Secretary is authorized to guarantee loans for working capital made to private borrowers by private lending institutions in connection with projects in trade impacted areas subject to the same terms and conditions to which loan guarantees are subject under section 202 of the Public Works and Economic Development Act of 1965, including record and audit requirements and penalties, except that—

(1) no loan guarantee may be made unless the joint liability requirement described in subsection (e) is met,

(2) no loan guarantee may be made to a corporation unless the employee stock ownership requirement described in subsection (f) is met,

(3) no new loan guarantee may be made under this subsection after September 30, 1980.

(4) a loan guarantee may be made for the entire amount of the outstanding unpaid balance of such loan, and

(5) no more than 20 percent of the amound of loan guarantees made under this subsection may be made in one State.

(e)(1) No loan guarantee may be made under subsection (d) unless—

(A) the Governor of the State,

(B) the authorized representative of the community, or

(C) the Governor of the State and the authorized representative of the community in which the applicant for such guarantee is located sign a commitment to the Secretary pledging such portion of—

(i) the State government entitlement for one entitlement period under section 107 of the State and Local Fiscal Assistance Act of 1972 (31 U.S.C. 1226) (hereinafter referred to in this subsection as the "1972Act"),

(ii) the local government entitlement for one entitlement period under section 108 of the 1972 Act (31 U.S.C. 1227), or

(iii) the State government and local government entitlements for one entitlement period under sections 107 and 108 of the 1972 Act, allocated between the State and local government entitlements in the manner such governments agree upon,

as is equal to one-half the amount of any liability which arises on such loan guarantee.

(2) The total amount of all portions of entitlement under the 1972 Act which a State or community may pledge for loan guarantees under paragraph (1) which are outstanding during any entitlement period may not exceed the amount to which such State or community was entitled under such Act during the previous entitlement period, unless the previous entitlement period was 6 months long, in which case the total amount of all such portions outstanding may not exceed twice the amount to which such State or community was entitled under such Act during such previous entitlement period.

(3) The requirement set forth in paragraph (1) shall be considered to have been met if the State in which the applicant for such guarantee is located has established by law a program, which is approved by the Secretary for purposes of this section, to pay one-half the amount of any liability which arises on a loan guarantee made under subsection (d).

(4) Section 107 of the 1972 Act (relating to State government entitlement) is amended by adding at the end thereof the following new subsection:

"(c) REDUCTION IN ENTITLEMENT TO COVER LIABILITY ON CERTAIN LOAN GUARANTEES.—

"(1) GENERAL RULE.—The entitlement of a State government for an entitlement period beginning after June 30, 1976, shall be reduced by an amount which is equal to one-half the amount, if any, of the liability which arose during the preceding entitlement period on each community readjustment assistance loan guarantee for which the Governor of such State signed a commitment to the Secretary of Commerce under section 273 of the Trade Reform Act of 1974. If the Governor signed such a commitment jointly with the authorized representative of a local government, then such State government entitlement shall be reduced by the proportion of one-half the amount of such liability which is specified in such joint commitment. For purposes of subsection (b)(1)(A), the amount of any reduction in the entitlement of a State government under this subsection for an entitlement period shall, for subsequent entitlement periods, be treated as an amount transferred by the State government (out of its own sources) during such period to units of local government in such State.

"(2) REDUCTION IN ENTITLEMENT.—As soon as is practical, the Secretary of Commerce shall notify the Secretary as to the amount of liability which arises on any loan guarantee for which the Governor of a State signed a commitment under section 273 of the Trade Reform Act of 1974. The Secretary shall—

"(A) determine the amount of reductions which paragraph (1) requires in the entitlement of such State government for the appropriate entitlement period,

"(B) shall notify the Governor of such State of such determination, and

"(C) shall withhold from subsequent payments to such State government under this subchapter an amount equal to such reduction.

"(3) TRANSFER TO GENERAL FUND.—An amount equal to the reduction in entitlement of any State government which results from the application of this subsection (after any judicial review under section 143 of this title) shall be transferred from the Trust Fund to the general fund of the Treasury on the day on which such reduction becomes final."

(4) Section 108(b)(7) (relating to local government entitlement) is amended by adding at the end thereof the following new subparagraph:

"(D) REDUCTION IN ENTITLEMENT TO COVER LIABILITY ON CERTAIN LOAN GUARANTEES.—

"(i) The entitlement of a local government under subsection (b) for an entitlement period beginning after June 30, 1976, shall be reduced by an amount which is equal to one-half the amount, if any, of the liability which arose during the preceding entitlement period on each community readjustment assistance loan guarantee for which the authorized representative of such local government signed a commitment to the Secretary of Commerce under Section 273 of the Trade Reform Act of 1974. If the authorized representative signed such a commitment jointly with the Governor of the State, such local government entitlement shall be reduced by the proportion of one-half the amount of such liability which is specified in such joint commitment.

"(ii) As soon as is practical, the Secretary of Commerce shall notify the Secretary as to the amount of liability which arises on any loan guarantee for which the authorized representative of a local government sign a commitment under section 273 of the Trade Reform Act of 1974. The Secretary shall determine the amount of reduction which clause (i) requires in the entitlement of such local government for the appropriate entitlement period, notify such local government of such determination, and withhold from subsequent payments to such local government under this subchapter an amount equal to such reduction.

"(iii) An amount equal to the reduction in entitlement of any local government which results from the application of this subparagraph (after any judicial review under section 143 of this title) shall be transferred from the Trust Fund to the general fund of the Treasury on the day on which such reduction becomes final.".

(5) Section 143(a) of such Act is amended by—

(A) striking out "Any State" and inserting in lieu thereof "Any State or unit of local government", and

(B) inserting immediately after "107(b)" the following: "or (c) or section 108(b)".

(f)(1) A loan to a corporation (hereinafter referred to as the "recipient corporation") may not be guaranteed under subsection (d) unless—

(A) 25 percent of the principal amount of the loan is paid by the lender to a qualified trust established under an employee stock ownership plan established and maintained by the recipient corporation, by a parent or subsidiary of such corporation, or by several corporations including the recipient corporation,

(B) the employee stock ownership plan meets the requirements of this subsection, and

(C) the agreement among the recipient corporation, the lender, and the qualified trust relating to the loan meets the requirements of this section.

(2) An employee stock ownership plan does not meet the requirements of this section unless the governing instrument of the plan provides that—

(A) the amount of the loan paid under paragraph (1)(A) to the qualified trust will be used to purchase qualified employer securities.

(B) the qualified trust will repay to the lender the amount of such loan, together with the interest thereon, out of amounts contributed to the trust by the recipient corporation, and

(C) from time to time, as the qualified trust repays such amount, the trust will allocate qualified employer securities among the individual accounts of participants and their beneficiaries in accordance with the provisions of paragraph (4).

(3) The agreement among the recipient corporation, the lender, and the qualified trust does not meet the requirements of this section unless—

(A) it is unconditionally enforceable by any party against the others, jointly and severally.

(B) it provides that the liability of the qualified trust to repay loan amounts paid to the qualified trust may not, at any time exceed an amount equal to the amount of contributions required under paragraph (2)(B) which are actually received by such trust.

(C) it provides that amounts received by the recipient corporation from the qualified trust for qualified employer securities purchased for the purpose of this subsection will be used exclusively by the recipient corporation for those purposes for which it may use that portion of the loan paid directly to it by the lender,

(D) it provides that the recipient corporation may not reduce the amount of its equity capital during the one year period beginning on the date on which the qualified trust purchases qualified employer securities for purposes of this subsection, and

(E) it provides that the recipient corporation will make contributions to the qualified trust of not less than such amounts as are necessary for such trust to meet its obligation to make repayments of principal and interest on the amount of the loan received by the trust without regard to whether such contributions are deductible by the corporation under section 404 of the Internal Revenue Code of 1954 and without regard to any other amounts the recipient corporation is

obligated under law to contribute to or under the employee stock ownership plan.

(4) At the close of each plan year, an employee stock ownership plan shall allocate to the accounts of participating employees that portion of the qualified employer securities the cost of which bears substantially the same ratio to the cost of all the qualified employer securities purchased under paragraph (2)(A) of this subsection as the amount of the loan principal and interest repaid by the qualified trust during that year bears to the total amount of the loan principal and interest payable by such trust during the term of such loan. Qualified employer securities allocated to the individual account of a participant during one plan year must bear substantially the same proportion to the amount of all such securities allocated to all participants in the plan as the amount of compensation paid to such participant bears to the total amount of compensation paid to all such participants during that year.

(5) For purposes of this subsection, the term—

(A) "employee stock ownership plan" means a plan described in section 407(d)(6) of the Employee Retirement Income Security Act of 1974, section 4975(e)(7) of the Internal Revenue Code of 1954, and in section 102(5) of the Regional Rail Reorganization Act of 1973, which meets the requirements of title I of the Employee Retirement Income Security Act of 1974 and of part I of subchapter D of chapter 1 of such Code,

(B) "qualified trust" means a trust established under an employee stock ownership plan and meeting the requirements of title I of the Employee Retirement Income Security Act of 1974 and of part I of subchapter D of chapter 1 of such Code,

(C) "qualified employer securities" means common stock issued by the recipient corporation or by a parent or subsidiary of such corporation with voting power and dividend rights no less favorable than the voting power and dividend rights on other common stock issued by the issuing corporation and with voting power being exercised by the participants in the employee stock ownership plan after it is allocated to their plan accounts, and

(D) "equity capital" means, with respect to the recipient corporation, the sum of its money and other property (in an amount equal to the adjusted basis of such property but disregarding adjustments made on account of depreciation or amortization made during the period described in paragraph (3)(D)), less the amount of its indebtedness.

(g)(1) The Federal Government share of loan guarantees made under subsection (d) on loans which are outstanding at any time may not exceed $500,000,000.

(2) For purposes of paragraph (1), the Federal Government share of a loan guarantee made under subsection (c) is one-half the amount of such loan guarantee.

SEC. 274. COMMUNITY ADJUSTMENT ASSISTANCE FUND AND AUTHORIZATION OF APPROPRIATIONS.

(a) There is established on the books of the Treasury of the United States a revolving fund to be known as the Community Adjustment Assistance Fund. The fund shall consist of such amounts as may be deposited in it pursuant to the authorization in subsection (b) and any collections, repayments of loans, or other receipts received under the program established in section 273(a). Amounts in the fund may be used only to carry out the provisions of sections 272 and 273(b), including administrative costs. Amounts appropriated to the fund shall be available to the Secretary without fiscal year limitation. Upon liquidation of all remaining obligations, any balances remaining in the fund after September 30, 1980, shall be transferred to the general fund of the Treasury.

(b) There are authorized to be appropriated to the Community Adjustment Assistance Fund, for the purpose of carrying out the provisions of sections 272 and 273(a), $100,000,000 for the fiscal year ending June 30, 1975, and such sums as may be necessary for the succeeding 5 fiscal years.

(c) There are authorized to be appropriated to the Secretary such sums as may be necessary for carrying out the loan guarantee program under section 273(d).

Chapter 5—MISCELLANEOUS PROVISIONS

SEC. 280. GENERAL ACCOUNTING OFFICE REPORT.

(a) The Comptroller General of the United States shall conduct a study of the adjustment assistance programs established under chapters 2, 3, and 4 of this title and shall report the results of such study to the Congress no later than January 30, 1979. Such report shall include an evaluation of—

(1) the effectiveness of such programs in aiding workers, firms, and communities to adjust to changed economic conditions resulting from changes in the patterns of international trade; and

(2) the coordination of the administration of such programs and other Government programs which provide unemployment compensation and relief to depressed areas.

(b) In carrying out his responsibilities under this section, the Comptroller General shall, to the extent practical, avail himself of the assistance of the Departments of Labor and Commerce. The Secretaries of Labor and Commerce shall make available to the Comptroller General any assistance necessary for an effective evaluation of the adjustment assistance programs established under this title.

SEC. 281. COORDINATION

There is established the Adjustment Assistance Coordinating Committee to consist of a Deputy Special Trade Representative as Chairman, and the officials charged with adjustment assistance responsibilities of the Departments of Labor and Commerce and the Small Business Administration. It shall be the function of the Committee to coordinate the adjustment assistance policies, studies, and programs of the various agencies involved and to promote the efficient and effective delivery of adjustment assistance benefits.

SEC. 282. TRADE STATISTICS MONITORING SYSTEM.

The Secretary of Commerce and the Secretary of Labor shall establish and maintain a program to monitor imports of articles into the United States which will reflect changes in the volume of such imports, the relation of such imports to changes in domestic production, changes in employment within domestic industries producing articles like or directly competitive with such imports, and the extent to which such changes in production and employment are concentrated in specific geographic regions of the United States. A summary of the information collected by such program shall be published regularly and shall be provided to the Adjustment Assistance Coordinating Committee.

SEC. 283. FIRMS RELOCATING IN FOREIGN COUNTRIES.

Before moving productive facilities from the United States to a foreign country, every firm should—

(1) provide notice of the move to its employees who are likely to be totally or partially separated as a result of the move at least 60 days before the date of such move,

(2) provide notice of the move to the Secretary of Labor and the Secretary of Commerce on the same day it notifies employees under paragraph (1),

(3) apply for and use all adjustment assistance for which it is eligible under this title,

(4) offer employment opportunities in the United States, if any exist, to its employees who are totally or partially separated workers as a result of the move, and

(5) assist in relocating employees to other locations in the United States where employment opportunities exist.

SEC. 284. EFFECTIVE DATE.

Chapters 2, 3, and 4 of this title shall become effective on the 90th day following the date of enactment of this Act and shall terminate on September 30, 1980.

On page 194, at the end of line 1, insert the word "or".

On page 194, beginning at line 2, insert the following new language:

(4) imposes unjustifiable or unreasonable restrictions on access to supplies of food, raw materials, or manufactured or semimanufactured products which burden or restrict United States commerce,

On page 194, in line 14, strike out the word "instrumentality" and insert in lieu thereof the words "instrumentality, and may impose fees or restrictions on the services of such foreign country or instrumentality,".

On page 194, beginning at line 18, insert the following new language:

For purposes of this subsection, the term "commerce" includes services associated with the international trade.

On page 194, beginning at line 20, strike out the following language:

(b) In determining what action to take under subsection (a), the President shall consider the relationship of such action to the international obligations of the United States and to the purposes stated in section 2. Any action taken under subsection (a) may be on a nondiscriminatory treatment basis or otherwise; except that, in the case of a restriction, act, policy, or practice of any foreign country or instrumentality which is unreasonable but not unjustifiable, the action taken under subsection (a) shall be taken only with respect to such country or instrumentality.

And insert in lieu thereof:

(b) In determining what action to take under subsection (a), the President shall consider the relationship of such action to the purposes of this Act. Action shall be taken under subsection (a) against the foreign country or instrumentality involved, except that, subject to the provisions of section 302, any such action may be taken on a nondiscriminatory treatment basis.

On page 195, in line 20, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 196, beginning at line 3, strike out the following language:

(d) The President shall provide an opportunity for the presentation of views concerning the import restrictions, acts, policies, or practices referred to in paragraph (1), (2), or (3) of subsection (a). Upon request by any interested person, the President shall provide for appropriate public hearings with respect to such restrictions, acts, policies, or practices after reasonable notice, and he shall provide for the issuance of regulations concerning the conduct of hearings under this subsection and subsection (c).

And insert in lieu thereof:

(d)(1) The President shall provide an opportunity for the presentation of views concerning the restrictions, acts, policies, or

practices referred to in paragraphs (1), (2), (3), and (4) of subsection (a).

(2) Upon complaint filed by any interested party with the Special Representative for Trade Negotiations alleging any such restriction, act, policy, or practice, the Special Representative shall conduct a review of the alleged restriction, act, policy, or practice, and, at the request of the complainant, shall conduct public hearings thereon. The Special Representative shall have a copy of each complaint filed under this paragraph published in the Federal Register. The Special Representative shall issue regulations concerning the filing of complaints and the conduct of reviews and hearings under this paragraph and shall submit a report to the House of Representatives and the Senate semi-annually summarizing the reviews and hearings conducted by it under this paragraph during the preceding 6-month period.

On page 197, beginning at line 5, strike out the following language:

(c) Before the President takes any action under subsection (a) with respect to the import treatment of any product—

(1) he shall provide an opportunity for the presentation of views concerning the taking of action with respect to such product,

(2) upon request by any interested person, he shall provide for appropriate public hearings with respect to the taking of action with respect to such product, and

(3) he may request the Tariff Commission for its views as to the probable impact on the economy of the United States of the taking of action with respect to such product.

And insert in lieu thereof:

(e) Before the President takes any action under subsection (a) with respect to the import treatment of any product or the treatment of any service—

(1) he shall provide an opportunity for the presentation of views concerning the taking of action with respect to such product or service,

(2) upon request by any interested person, he shall provide for appropriate public hearings with respect to the taking of action with respect to such product or service, and

(3) he may request the International Trade Commission for its views as to the probable impact on the economy of the United States of the taking of action with respect to such product or service.

If the President determines that, because of the need for expeditious action under subsection (a), compliance with paragraphs (1) and (2) would be contrary to the national interest, then such paragraphs shall not apply with respect to such action, but he shall thereafter promptly provide an opportunity for the presentation of views concerning the action taken and, upon request by any interested person, shall provide for appropriate public hearings with respect to the action taken. The President shall provide for the issuance of regulations concerning the filing of requests for, and the conduct of, hearings under this subsection.

On page 198, in line 23, after the word "section 301(a)" insert the words "with respect to any country or instrumentality other than the country or instrumentality whose restriction, act, policy, or practice was the cause for taking such action".

On page 199, beginning at line 4, strike out the following language:

(b) If, before the close of the 90 day period beginning on the day on which the copy of the document referred to in subsection (a) is delivered to the House of Representatives and to the Senate, either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval under the procedures set forth in section 151, then such action under section 301(a) shall have no force and effect beginning with the day after the date of the adoption of such resolution of disapproval.

And insert in lieu thereof:

(b) If, before the close of the 90-day period beginning on the day on which the document referred to in subsection (a) is delivered to the House of Representatives and to the Senate, the two Houses adopt, by an affirmative vote of a majority of those present and voting in each House, a concurrent resolution of disapproval under the procedures set forth in section 152, then such action under section 301(a) shall have no force and effect beginning with the day after the date of the adoption of such concurrent resolution of disapproval, except with respect to the country or instrumentality whose restriction, act, policy, or practice was the cause for taking such action.

On page 200, beginning at line 4, strike out the following language:

(a) Section 201(b) of the Antidumping Act, 1921 (19 U.S.C. sec. 160 (b)), is amended to read as follows:

"(b) In the case of any imported merchandise of a class or kind as to which the Secretary has not so made public a finding, he shall, within six months, or in more complicated investigations within nine months, after the question of dumping was raised by or presented to him or any person to whom authority under this section has been delegated.

"(1) determine whether there is reason to believe or suspect, from the invoice or other papers or from information presented to him or to any other person to whom authority under this section has been delegated, that the purchase price is less, or that the exporter's sales price is less or likely to be less, than the foreign market value (or, in the absence of such value, than the constructed value); and

"(2) if his determination is affirmative, publish a notice of that fact in the Federal Register, and require, under such regulations as he may prescribe, the withholding of appraisement as to such merchandise entered, or withdrawn from warehouse for consumption, on or after the date of publication of that notice in the Federal Register (unless the Secretary determines that the withholding should be made effective as of an earlier date not more than one hundred and twenty days before the question of dumping was raised by or presented to him or any person to whom authority under this section has been delegated, in which case the effective date of the withholding shall be such earlier date), until the further order of the Secretary, or until the Secretary has made public a finding as provided for in subsection (a) in regard to such merchandise; or

"(3) if his determination is negative (or if he tentatively determines that the investigation should be discontinued), publish notice of that fact in the Federal Register, but the Secretary may within three months thereafter order the withholding of appraisement if he then has reason to believe or suspect, from the invoice or other papers or from information presented to him or to any other person to whom authority under this section has been delegated, that the purchase price is less, or that the exporter's sales price is less or likely to be less, than the foreign market value (or, in the absence of such value, than the constructed value) and such order of withholding of appraisement shall be subject to the provisions of paragraph (2). If no withholding of appraisement is ordered within such three-month period, the Secretary shall, not later than the close of such period, issue a determination terminating or discontinuing the investigation.

For purposes of this subsection, the question of dumping shall be deemed to have been raised or presented on the date on which a notice is published in the Federal Register that information relative to dumping has been received in accordance with regulations prescribed by the Secretary."

(B) Section 201(c) of the Antidumping Act, 1921 (19 U.S.C. sec. 160(c)), is amended to read as follows:

"(c)(1) Before making any determination pursuant to subsection (a) of this section, the Secretary or the Tariff Commission, as the case may be, shall conduct a hearing at which—

"(A) any foreign manufacturer or exporter or domestic importer of the foreign merchandise in question shall have the right to appear by counsel or in person; and

"(B) any other person, firm, or corporation may make application and, upon good cause shown, may be allowed by the Secretary or the Tariff Commission, as the case may be, to intervene and appear at such hearing by counsel or in person.

"(2) The Secretary, upon determining whether foreign merchandise is being, or is likely to be, sold in the United States at less than its fair value, and the Tariff Commission, upon making its determination under subsection (a), shall publish in the Federal Register such determination, whether affirmative or negative, together with a statement of findings and conclusions, and the reasons or basis therefor, on all the material issues of fact or law presented.

"(3) The hearings provided for under this section shall be exempt from sections 554, 555, 556, 557, and 702 of title 5 of the United States Code. The transcript of any hearing, together with all information developed in connection with the investigation (other than items to which confidential treatment has been granted by the Secretary or the Tariff Commission, as the case may be), shall be made available in the manner and to the extent provided in section 552(b) of such title 5."

And insert in lieu thereof:

(a) Section 201 of the Antidumping Act, 1921 (19 U.S.C. 160), is amended—

(1) by striking out "United States Tariff Commission" in subsection (a) and inserting in lieu thereof "United States International Trade Commission (hereinafter called the 'Commission')", and by striking out "said" each place it appears in such subsection; and

(2) by striking out subsections (b) and (c) and inserting in lieu thereof the following:

"(b)(1) In the case of any imported merchandise of a class or kind as to which the Secretary has not so made public a finding, he shall, within six months after the publication under subsection (c)(1) of a notice of initiation of an investigation—

"(A) determine whether there is reason to believe or suspect, from the invoice or other papers or from information presented to him or to any other person to whom authority under this section has been delegated, that the purchase price is less, or that the exporter's sales price is less or likely to be less, than the foreign market value (or, in the absence of such value, than the constructed value); and

"(B) if his determination is affirmative, publish a notice of that fact in the Federal Register, and require, under such regulations as he may prescribe, the withholding of appraisement as to such merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of that notice in the Federal Register (or such earlier date, not more than one hundred and twenty days before the date of publication

under subsection (c)(1) of notice of initiation of the investigation, as the Secretary may prescribe), until the further order of the Secretary, or until the Secretary has made public a finding as provided for in subsection (a) in regard to such merchandise; or

"(C) if his determination is negative (or if he tentatively determines that the investigation should be discontinued), publish notice of that fact in the Federal Register.

"(2) If in the course of an investigation under this subsection the Secretary concludes that the determination provided for in paragraph *(1) cannot* reasonably be made within six months, he shall publish notice of this in the Federal Register, together with a statement of reasons therefor, in which case the determination shall be made within nine months after the publication in the Federal Register of the notice of initiation of the investigation.

"(3) Within three months after publication in the Federal Register of a determination under paragraph (1), the Secretary shall make a final determination whether the foreign merchandise in question is being or is likely to be sold in the United States at less than its fair value (or a final discontinuance of the investigation).

"(c)(1) The Secretary shall, within thirty days of the receipt of information alleging that a particular class or kind of merchandise is being or is likely to be sold in the United States or elsewhere at less than its fair value and that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States, determine whether to initiate an investigation into the question of whether such merchandise in fact is being or is likely to be sold in the United States or elsewhere at less than its fair value. If his determination is affirmative he shall publish notice of the initiation of such an investigation in the Federal Register. If it is negative, the inquiry shall be closed.

"(2) If, in the course of making a determination under paragraph (1), the Secretary concludes, from the information available to him, that there is substantial doubt whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States, he shall forward to the Commission the reasons for such substantial doubt and a preliminary indication, based upon whatever price information is available, concerning possible sales at less than fair value, including possible margins of dumping and the volume of trade. If within thirty days after receipt of such information from the Secretary, the Commission, after conducting such inquiry as it deems appropriate, determines there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States, it shall advise the Secretary of its determination and any investigation under subsection (b) then in progress shall be terminated.

"(d)(1) Before making any determination under subsection (a), the Secretary or the Commission, as the case may be, shall, at the request of any foreign manufacturer or exporter, or any domestic importer, of the foreign merchandise in question, or of any domestic manufacturer, producer, or wholesaler of merchandise of the same class or kind, conduct a hearing at which—

"(A) any such person shall have the right to appear by counsel or in person; and

"(B) any other person, firm, or corporation may make application and, upon good cause shown, may be allowed by the Secretary or the Commission, as the case may be, to intervene and appear at such hearing by counsel or in person.

"(2) The Secretary, upon determining whether foreign merchandise is being, or is likely to be, sold in the United States at less than its fair value, and the Commission, upon making its determination under subsection (a), shall publish in the Federal Register such determination, whether affirmative or negative, together with a complete statement of findings and conclusions, and the reasons or bases therefor, on all the material issues of fact or law presented (consistent with confidential treatment granted by the Secretary or the Commission, as the case may be, in the course of making its determination).

"(3) The hearings provided for under this section shall be exempt from sections 554, 555, 556, 557, and 702 of title 5 of the United States Code. The transcript of any hearing, together with all information developed in connection with the investigation (other than items to which confidential treatment has been granted by the Secretary or the Commission, as the case may be), shall be made available in the manner and to the extent provided in section 552(b) of such title.".

On page 208, at the beginning of line 12, strike out "(c)" and insert in lieu thereof "(b)".

On page 209, at the beginning of line 22, strike out "(d)" and insert in lieu thereof "(c)".

On page 211, at the beginning of line 19, strike out "(e)" and insert in lieu thereof "(d)".

On page 213, in line 11, strike out the number "206." and insert in lieu thereof the number "206."

On page 213, beginning at line 12, insert the following new language:

"(d) Whenever, in the course of an investigation under this Act, the Secretary determines that—

"(1) merchandise exported to the United States is being produced in facilities which are owned or controlled, directly or indirectly, by a person, firm, or corporation which also owns or controls, directly or indirectly, other facilities for the production of such or similar merchandise which are located in another country or countries;

"(2) the sales of such or similar merchandise by the company concerned in the home market of the exporting country are nonexistent or inadequate as a basis for comparison with the sales of the merchandise to the United States; and

"(3) the foreign market value of such or similar merchandise produced in one or more of the facilities outside the country of exportation is higher than the foreign market value, or, if there is no foreign market value, the constructed value, of such or similar merchandise produced in the facilities located in the country of exportation,

he may determine the foreign market value of such merchandise by reference to the foreign market value at which such or similar merchandise is sold in substantial quantities by one or more facilities outside the country of exportation. The Secretary in making any determination under this paragraph, shall make adjustments for the difference between the costs of production (including taxes, labor, materials, and overhead) of such or similar merchandise produced in facilities outside the country of exportation and costs of production of such or similar merchandise produced in the facilities in the country of exportation, if such differences are demonstrated to his satisfaction. For the purpose of this subsection, in determining foreign market value of such or similar merchandise produced in a country outside of the country of exportation, the Secretary shall determine its price at the time of exportation from the country of exportation and shall make any adjustments required by section 205(a) for the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States by reference to such costs in the country of exportation."

On page 215, at the beginning of line 6, strike out "(f)" and insert in lieu thereof "(e)".

On page 215, in line 6, strike out the number "213" and insert in lieu thereof the number "212".

On page 215, beginning at line 11, insert the following new language:

(f) Section 481 of the Tariff Act of 1930 (19 U.S.C. 1481) is amended—

(1) by renumbering paragraph (10 of subsection (a) as (11);

(2) by striking out paragraph (9) of subsection (a) and inserting in lieu thereof the following:

"(9) All rebates, drawbacks, bounties, and grants, separately itemized, allowed, paid, or bestowed on the exportation, manufacture, or production of the merchandise;

"(10) The unit price of each item at which such merchandise is being sold or offered for sale in the home market of the country of exportation; and "; and

(3) by inserting before the period at the end of subsection (d) ", except that, with respect to any entry for which an invoice is required, and which covers merchandise other than articles (1) classifiable in schedule 8 of the Tariff Schedules of the United States (19 U.S.C. 1202); (2) imported for personal use and not for resale; or (3) having a purchase price or value under $1,000, the information specified in paragraphs (5), (9), and (10) of subsection (a) must be furnished unless the appropriate Customs officer determines that the information required is currently available."

(g)(1) Section 516 of the Tariff Act of 1930 (19 U.S.C. 1516) is amended by redesignating subsection (d), (e), (f), and (g) as subsections (e), (f), (g), and (h), respectively, and by inserting after subsection (c) the following new subsection:

"(d) Within 30 days after a determination by the Secretary under section 201 of the Antidumping Act, 1921 (19 U.S.C. 160), that a class or kind of foreign merchandise is not being, nor likely to be, sold in the United States at less than its fair value, an American manufacturer, producer, or wholesaler of merchandise of the same class or kind as that described in such determination may file with the Secretary a written notice of a desire to contest such determination. Upon receipt of such notice the Secretary shall cause publication to be made thereof and of such manufacturer's, producer's, or wholesaler's desire to contest the determination. Within 30 days after such publication, such manufacturer, producer, or wholesaler may commence an action in the United States Customs Court contesting such determination.".

(2) Section 2631(b) of title 28, United States Code, is amended by inserting before the period at the end thereof ", or, in the case of an action under section 516(d) of such Act, after the date of publication of a notice under such section".

(3) Section 2632 of title 28, United States Code, is amended—

(A) by striking out the first sentence of subsection (a) and inserting in lieu thereof the following: "A party may contest (1) denial of a protest under section 515 of the Tariff Act of 1930, as amended; (2) a decision of the Secretary of the Treasury made under section 516 of the Tariff Act of 1930, as amended; or (3) a determination by the Secretary of the Treasury under section 201 of the Antidumping Act, 1921, as amended, that a class or kind of merchandise is not being, nor likely to be, sold in the United

States at less than its fair value; by bringing a civil action in the Customs Court.";

(B) by inserting after "designee" in subsection (f) "in any action brought under subsection (a)(1) or (a)(2)"; and

(C) by adding at the end thereof the following new subsection:

"(g) Upon service of the summons on the Secretary of the Treasury or his designee in an action contesting the Secretary's determination under section 201 of the Antidumping Act, 1921, as amended, that a class or kind of foreign merchandise is not being, nor likely to be, sold in the United States at less than its fair value, the Secretary or his designee shall forthwith transmit to the United States Customs Court, as the official record of the civil action, a certified copy of the transcript of any hearing held by the Secretary in the particular antidumping proceeding pursuant to section 201(d)(1) of the Antidumping Act, 1921, as amended, and certified copies of all notices, determinations, or other matters which the Secretary has caused to be published in the Federal Register in connection with the particular antidumping proceeding.".

On page 218, at the beginning of line 18, strike out "(g)" and insert in lieu thereof "(h)".

On page 218, in line 18, strike out the words "subsections (a) and (b)" and insert in lieu thereof the word "subsection (a)".

On page 218, in line 22, strike out the words "(c) through (f)" and insert in lieu thereof the words "(b) through (e)".

On page 219, beginning at line 9, insert the following new language:

(3) The amendments made by subsection (f) shall apply with respect to merchandise which is exported from the country of exportation on or after the 90th day after the date of the enactment of this Act.

(4) The amendments made by subsection (g) shall apply with respect to determinations under section 201 of the Antidumping Act, 1921, resulting from questions of dumping raised or presented on or after the date of the enactment of this Act.

On page 220, in line 16, strike out the following language:

The Secretary of the Treasury shall determine within twelve months after the date on which the question is presented to him whether any bounty or grant is being paid or bestowed.

"(2) In the case of any imported article or merchandise which is free of duty, duties may be imposed under this section only if there is an affirmative determination by the Tariff Commission under subsection (b)(1); except that such a Tariff Commission determination shall be required only for such time as a determination of injury is required by the international obligations of the United States.

"(3) The Secretary of the Treasury shall from time to time ascertain and determine, or estimate, the net amount of each bounty or grant, and shall declare the net amount so determined or estimated.

"(4) Whenever, in the case of any imported article or merchandise as to which the Secretary has not determined whether a bounty or grant is being paid or bestowed, the Secretary concludes, from information presented to him or to any person to whom authority under this section has been delegated, that a formal investigation into the question of whether a bounty or grant is being paid or bestowed is warranted, he shall forthwith publish notice of the initiation of such an investigation in the Federal Register. The date of publication of such notice shall be considered the date on which the question is presented to the Secretary within the meaning of subsection (a)(1).

"(5) The Secretary of the Treasury shall make all regulations he may deem necessary for the identification of such articles and merchandise and for the assessment and collection of the duties under this section. All determinations by the Secretary under this section, and all determinations by the Tariff Commission under subsection (b)(1) (whether affirmative or negative), shall be published in the Federal Register.

"(b) INJURY DETERMINATIONS WITH RESPECT TO DUTY FREE MERCHANDISE; SUSPENSION OF LIQUIDATION. (1) Whenever the Secretary of the Treasury has determined under subsection (a) that a bounty or grant is being paid or bestowed with respect to any article or merchandise which is free of duty, he shall—

"(A) so advise the United States Tariff Commission, and the Commission shall determine within three months thereafter, and after such investigation as it deems necessary, whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such article or merchandise into the United States; and the Commission shall notify the Secretary of its determination; and

"(B) require, under such regulations as he may prescribe, the suspension of liquidation as to such article or merchandise entered, or withdrawn from warehouse, for consumption, on or after the thirtieth day after the date of the publication in the Federal Register of his determination under subsection (a)(1), and such suspension of liquidation shall continue until the further order of the Secretary or until he has made public an order as provided for in paragraph (3) of this subsection.

"(2) For the purposes of this subsection, the Tariff Commission shall be deemed to have made an affirmative determination if the Commissioners of such Commission voting are evenly divided as to whether its determination should be in the affirmative or in the negative.

"(3) If the determination of the Tariff Commission under paragraph (1)(A) is in the affirmative, the Secretary shall make public an order directing the assessment and collection of duties in the amount of such bounty or grant as is from time to time ascertained and determined, or estimated, under subsection (a).

"(c) APPLICATION OF AFFIRMATIVE DETERMINATION. An affirmative determination by the Secretary of the Treasury under subsection (a)(1) with respect to any imported article or merchandise shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the thirtieth day after the date of the publication in the Federal Register of such determination. In the case of any imported article or merchandise which is free of duty, so long as a finding of injury is required by the international obligations of the United States, the preceding sentence shall apply only if the Tariff Commission makes an affirmative determination of injury under subsection (b)(1).

"(d) ARTICLES SUBJECT TO QUANTITATIVE LIMITATIONS.—Whenever the Secretary determines, after seeking information and advice from such agencies as he may deem appropriate, that any article is subject to a quantitative limitation imposed by the United States on its importation into, or subject to an effective quantitative limitation on its exportation to, the United States and that such quantitative limitation is an adequate substitute for the imposition of a duty under this section, the imposition of an additional duty under this section shall not be required.

"(e) TEMPORARY PROVISION WHILE NEGOTIATIONS ARE IN PROCESS.—If, after seeking information and advice from such agencies as he may deem appropriate, the Secretary determines, at any time before the day which is four years after the date of the enactment of this subsection, that the imposition of an additional duty under this section with respect to any article would be likely to seriously jeopardize the satisfactory completion of the negotiations contemplated by sections 101 and 102 of the Trade Reform Act of 1973, the imposition of such additional duty under this section with respect to such article shall not be required. In the case of a question presented on or after the day which is one year after the date of the enactment of this Act, this subsection shall not apply with respect to any article which is the product of facilities owned or controlled by a developed country if the investment in, or the operation of, such facilities, is subsidized."

And insert in lieu thereof:

"(2) In the case of any imported article or merchandise which is free of duty, duties may be imposed under this section only if there is an affirmative determination by the Commission under subsection (b)(1); except that such a determination shall not be required unless a determination of injury is required by the international obligations of the United States.

"(3) In the case of any imported article or merchandise as to which the Secretary of the Treasury (hereafter in this section referred to as the 'Secretary') has not determined whether or not any bounty or grant is being paid or bestowed—

"(A) upon the filing of a petition by any person setting forth his belief that a bounty or grant is being paid or bestowed, and the reasons therefor, or

"(B) whenever the Secretary concludes, from information presented to him or to any person to whom authority under this section has been delegated, that a formal investigation is warranted into the question of whether a bounty or grant is being paid or bestowed, the Secretary shall initiate a formal investigation to determine whether or not any bounty or grant is being paid or bestowed and shall publish in the Federal Register notice of the initiation of such investigation.

"(4) Within six months from the date on which a petition is filed under paragraph (3)(A) or on which notice is published of an investigation initiated under paragraph (3)(B), the Secretary shall make a preliminary determination, and within twelve months from such date shall make a final determination, as to whether or not any bounty or grant is being paid or bestowed.

"(5) The Secretary shall from time to time ascertain and determine, or estimate, the net amount of each such bounty or grant, and shall declare the net amount so determined or estimated.

"(6) The Secretary shall make all regulations he deems necessary for the identification of articles and merchandise subject to duties under this section and for the assessment and collection of such duties. All determinations by the Secretary under this section, and all determinations by the Commission under subsection (b)(1), (whether affirmative or negative) shall be published in the Federal Register.

"(b) INJURY DETERMINATIONS WITH RESPECT TO DUTY-FREE MERCHANDISE; SUSPENSION OF LIQUIDATION.—(1) Whenever the Secretary makes a final determination under subsection (a) that a bounty or grant is being paid or bestowed with respect to any article or merchandise which is free of duty and a determination by the Commission is required under subsection (a)(2), he shall—

"(A) so advise the Commission, and the Commission shall determine within three months thereafter, and after such investiga-

tion as it deems necessary, whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such article or merchandise into the United States; and the Commission shall notify the Secretary of its determination; and

"(B) require, under such regulations as he may prescribe, the suspension of liquidation as to such article or merchandise entered, or withdrawn from warehouse, for consumption on or after the date of the publication in the Federal Register of his final determination under subsection (a), and such suspension of *liquidation shall* continue until the further order of the Secretary or until he has made public an order as provided for in paragraph (3).

"(2) For the purposes of this subsection, the Commission shall be deemed to have made an affirmative determination if the commissioners voting are evenly divided as to whether its determination should be in the affirmative or in the negative.

"(3) If the determination of the Commission under paragraph (1)(A) is in the affirmative, the Secretary shall make public an order directing the assessment and collection of duties in the amount of such bounty or grant as is from time to time ascertained and determined, or estimated, under subsection (a).

"(c) APPLICATION OF AFFIRMATIVE DETERMINATION.—An affirmative final determination by the Secretary under subsection (a) with respect to any imported article or merchandise shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of the publication in the Federal Register of such determination. In the case of any imported article or merchandise which is free of duty, so long as a finding of injury is required by the international obligations of the United States, the preceding sentence shall apply only if the Commission makes an affirmative determination of injury under subsection (b)(1).

"(d) TEMPORARY PROVISION WHILE NEGOTIATIONS ARE IN PROCESS.—(1) It is the sense of the Congress that the President, to the extent practicable and consistent with United States interests, seek through negotiations the establishment of internationally agreed rules and procedures governing the use of subsidies (and other export incentives) and the application of countervailing duties.

"(2) If, after seeking information and advice from such agencies as he may deem appropriate, the Secretary of the Treasury determines, at any time during the two-year period beginning on the date of the enactment of the Trade Reform Act of 1974, that—

"(A) adequate steps have been taken to reduce substantially or eliminate during such period the adverse effect of a bounty or grant which he has determined is being paid or bestowed with respect to any article or merchandise;

"(B) there is a reasonable prospect that, under section 102 of the Trade Reform Act of 1974, successful trade agreements will be entered into with foreign countries or instrumentalities providing for the reduction or elimination of barriers to or other distortions of international trade; and

"(C) the imposition of the additional duty under this section with respect to such article or merchandise would be likely to seriously jeopardize the satisfactory completion of such negotiations;

the imposition of the additional duty under this section with respect to such article or merchandise shall not be required during the remainder of such two-year period.

"(3) The determination of the Secretary under paragraph (2) may be revoked by him, in his discretion, at any time, and any determination made under such paragraph shall be revoked whenever the basis supporting such determination no longer exists. The additional duty provided under this section shall apply with respect to any affected articles or merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of any revocation under this subsection in the Federal Register.

"(e) REPORTS TO CONGRESS.—(1) Whenever the Secretary makes a determination under subsection (d)(2) with respect to any article or merchandise, he shall promptly transmit to the House of Representatives and the Senate a document setting forth the determination, together with his reasons therefor.

"(2) If, at any time after the document referred to in paragraph (1) is delivered to the House of Representatives and the Senate, either the House or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval under the procedures set forth in section 152, then such determination under subsection (d)(2) with respect to such article or merchandise shall have no force or effect beginning with the day after the date of the adoption of such resolution of disapproval, and the additional duty provided under this section with respect to such article or merchandise shall apply with respect to articles or merchandise entered, or withdrawn from warehouse, for consumption on or after such day.".

On page 231, in line 5, strike out the words "Section 516 of the Tariff Act of 1930 (19 U.S.C. sec. 1516)" and insert in lieu thereof the words "So much of section 516 of the Tariff Act of 1930 (19 U.S.C. 1516) as precedes subsection (d)".

On page 233, beginning at line 20, insert the following new language:

(c) Section 515(d) of the Tariff Act of 1930 (19 U.S.C. 1315(d)) is amended by inserting before the period at the end thereof "or the imposition of countervailing duties under section 303".

On page 233, beginning at line 24, strike out the following language:

(c)(1) Except as provided in paragraph (2), the amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

(2) The last sentence of section 303(a)(1) of the Tariff Act of 1930 (as added by subsection (a) of this section) shall apply only with respect to questions presented on or after the date of the enactment of this Act.

And insert in lieu thereof:

(d)(1) The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) For purposes of applying the provisions of section 303(a)(4) of the Tariff Act of 1930 (as amended by subsection (a)) with respect to any investigation which was initiated before the date of the enactment of this Act under section 303 of such Act (as in effect before such date), such investigation shall be treated as having been initiated on the day after such date of enactment under section 303(a)(3)(B) of such Act.

On page 235, beginning at line 2, strike out the following language:

SEC. 341. AMENDMENTS TO SECTION 337 OF THE TARIFF ACT OF 1930.

(a) Section 337 of the Tariff Act of 1930 (19 U.S.C. sec. 1337) is amended by redesignating subsection (h) as subsection (i) and by inserting immediately after subsection (g) the following new subsection:

"(h) UNITED STATES PATENTS.—The foregoing provisions of subsections (c) through (g) do not apply with respect to alleged unfair methods of competition and unfair acts based upon the claims of United States letters patent. Such alleged violations shall be dealt with by the commission as hereinafter provided:

"(1) Whenever the commission has reason to believe from the evidence in its possession that any article entered into the United States in violation of this section would, in the absence of exclusion, result in immediate and substantial harm, the Secretary of the Treasury shall, upon the commission's order in writing, exclude such articles from entry until an investigation by the commission may be completed; except that such articles shall be entitled to entry under bond prescribed by the Secretary.

"(2) Whenever the existence of any such unfair method or act shall be established to the satisfaction of the commission, the commission shall order that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this section, shall be excluded from entry into the United States, and upon information of such action by the commission, the Secretary of the Treasury shall, through the proper officers, refuse such entry. The decision of the commission shall be final.

"(3) Any refusal of entry under this section shall continue in effect until the commission shall find and instruct the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exist.

"(4) Any order entered pursuant to this subsection shall be made on the record after opportunity for a full hearing, including the opportunity to present legal defenses. Any person adversely affected by an action of the commission or refusal of the commission to act shall have the right to seek judicial review in the United States Court of Customs and Patent Appeals within such time after said action is made and in such manner as appeals may be taken from decisions of the United States Customs Court."

(b) Subsection (a) of such section 337 is amended by striking out "by the President".

(c) Subsection (b) of such section 337 is amended by striking out "To assist the President in making any decisions under this section the" and inserting in lieu thereof "The".

And insert in lieu thereof:

SEC. 341. AMENDMENT TO SECTION 337 OF THE TARIFF ACT OF 1930.

(a) Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) is amended to read as follows:

"SEC. 337. UNFAIR PRACTICES IN IMPORT TRADE.

"(a) UNFAIR METHODS OF COMPETITION DECLARED UNLAWFUL.—Unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, are declared unlawful, and when found by the Commission to exist shall be dealt with, in addition to any other provisions of law, as provided in this section.

"(b) INVESTIGATIONS OF VIOLATIONS BY COMMISSION; TIME LIMITS.—(1) The Commission shall investigate any alleged violation of this section on complaint under oath or upon its initiative. Upon commencing any such investigation, the Commission shall publish notice thereof in the Federal Register. The Commission shall conclude any such investigation, and make its determination under this section, at the earliest practicable time, but not later than one year (18 months in more complicated cases) after the date of publication of notice of such investigation. The Commission shall publish in the Federal Register its reasons for designating any investigation as a more complicated investigation. For purposes of the one-year and

18-month periods prescribed by this subsection, there shall be excluded any period of time during which such investigation is suspended because of proceedings in a court or agency of the United States involving similar questions concerning the subject matter of such investigation.

"(2) During the course of each investigation under this section, the Commission shall consult with, and seek advice and information from, the Department of Health, Education, and Welfare, the Department of Justice, the Federal Trade Commission, and such other departments and agencies as it considers appropriate.

"(3) Whenever, in the course of an investigation under this section, the Commission has reason to believe, based on information before it, that the matter may come within the purview of section 303 or of the Antidumping Act, 1921, it shall promptly notify the Secretary of the Treasury so that such action may be taken as is otherwise authorized by such section and such Act.

"(c) DETERMINATIONS; REVIEW.—The Commission shall determine, with respect to each investigation conducted by it under this section, whether or not there is a violation of this section. Each determination under subsection (d) or (e) shall be made on the record after notice and opportunity for a hearing in conformity with the provisions of subchapter II of chapter 5 of title 5, United States Code. All legal and equitable defenses may be presented, and, in cases based on claims of United States letters patent, defenses based on claims of price gouging may be presented. Any person adversely affected by a final determination of the Commission under subsection (d) or (e) may appeal such determination to the United States Court of Customs and Patent Appeals. Such court shall have jurisdiction to review such determination in the same manner and subject to the same limitations and conditions as in the case of appeals from decisions of the United States Customs Court.

"(d) EXCLUSIONS OF ARTICLES FROM ENTRY.—If the Commission determines, as a result of an investigation under this section, that there is violation of this section, it shall direct that the articles concerned, imported by any person violating the provision of this section, be excluded from entry into the United States, unless, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such articles should not be excluded from entry. The Commission shall notify the Secretary of the Treasury of its action under this subsection directing such exclusion from entry, and upon receipt of such notice, the Secretary shall, through the proper officers, refuse such entry.

"(e) EXCLUSION OF ARTICLES FROM ENTRY DURING INVESTIGATION EXCEPT UNDER BOND.—If, during the course of an investigation under this section, the Commission determines that there is reason to believe that there is a violation of this section, it may direct that the articles concerned, imported by any person with respect to whom there is reason to believe that such person is violating this section, be excluded from entry into the United States, unless, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such articles should not be excluded from entry. The Commission shall notify the Secretary of the Treasury of its action under this subsection directing such exclusion from entry, and upon receipt of such notice, the Secretary shall, through the proper officers, refuse such entry, except that such articles shall be entitled to entry under bond determined by the Commission and prescribed by the Secretary.

"(f) CEASE AND DESIST ORDERS.—In lieu of taking action under subsection (d) or (e), the Commission may issue and cause to be served on any person violating this section, or believed to be violating this section, as the case may be, an order directing such person to cease and desist from engaging in the unfair methods or acts involved, unless after considering the effect of such order upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such order should not be issued. The Commission may at any time, upon such notice and in such manner as it deems proper, modify or revoke any such order, and, in the case of a revocation, may take action under subsection (d) or (e), as the case may be.

"(g) REFERRAL TO THE PRESIDENT.—(1) If the Commission determines that there is a violation of this section, or that, for purposes of subsection (e), there is reason to believe that there is such a violation, it shall—

"(A) publish such determination in the Federal Register, and

"(B) transmit to the President a copy of such determination and the action taken under subsection (d), (e), or (f), with respect thereto, together with the record upon which such determination is based.

"(2) If, before the close of the 60-day period beginning on the day after the day on which he receives a copy of such determination, the President, for policy reasons, disapproves such determination and notifies the Commission of his disapproval, then, effective on the date of such notice, such determination and the action taken under subsection (d), (e), or (f) with respect thereto shall have no force or effect.

"(3) Subject to the provisions of paragraph (2), such determination shall, except for purposes of subsection (c), be effective upon publication thereof in the Federal Register, and the action taken under subsection (d), (e), or (f) with respect thereto shall be effective as provided in such subsections, except that articles directed to be excluded from entry under subsection (d) or subject to a cease and desist order under subsection (f) shall be entitled to entry under bond determined by the Commission and prescribed by the Secretary until such determination becomes final.

"(4) If the President does not disapprove such determination within such 60-day period, or if he notifies the Commission before the close of such period that he approves such determination, then, for purposes of paragraph (3) and subsection (c) such determination shall become final on the day after the close of such period or the day on which the President notifies the Commission of his approval, as the case may be.

"(h) PERIOD OF EFFECTIVENESS.—Except as provided in subsections (f) and (g), any exclusion from entry or order under this section shall continue in effect until the Commission finds, and in the case of exclusion from entry notifies the Secretary of the Treasury, that the conditions which led to such exclusion from entry or order no longer exist.

"(i) IMPORTATIONS BY OR FOR THE UNITED STATES.—Any exclusion from entry or order under subsection (d), (e), or (f), in cases based on claims of United States letters patent, shall not apply to any articles imported by and for the use of the United States, or imported for, and to be used for, the United States with the authorization or consent of the Government. Whenever any article would have been excluded from entry or would not have been entered pursuant to the provisions of such subsections but for the operation of this subsection, a patent owner adversely affected shall be entitled to reasonable and entire compensation in an action before the Court of Claims pursuant to the procedures of section 1498 of title 28, United States Code.

"(j) DEFINITION OF UNITED STATES.—For purposes of this section and sections 338 and 340, the term 'United States' means the customs territory of the United States as defined in general headnote 2 of the Tariff Schedules of the United States."

(b) Section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) is amended by adding at the end thereof the following new sentence: "Each such annual report shall include a list of all complaints filed under section 337 during the year for which such report is being made, the date on which each such complaint was filed, and the action taken thereon, and the status of all investigations conducted by the commission under such section during such year and the date on which each such investigation was commenced."

(c) The amendments made by this section shall take effect on the 90th day after the date of the enactment of this Act, except that, for purposes of issuing regulations under section 337 of the Tariff Act of 1930, such amendments shall take effect on the date of the enactment of this Act. For purposes of applying section 337(b) of the Tariff Act of 1930 (as amended by subsection (a)) with respect to investigations being conducted by the International Trade Commission under section 337 of the Tariff Act on the day prior to the 90th day after the date of the enactment of this Act, such investigations shall be considered as having been commenced on such 90th day.

On page 245, in line 8, strike out the word "ENJOYING" and insert in lieu thereof the words "CURRENTLY RECEIVING".

On page 245, in line 16, strike out the words "column 1 tariff treatment" and insert in lieu thereof the words "the rates set forth in rate column numbered 1 of the Tariff Schedules of the United States".

On page 247, in line 16, strike out the words "column 1 tariff treatment" and insert in lieu thereof the words "the rates set forth in rate column numbered 1 of the Tariff Schedules of the United States".

On page 247, beginning at line 20, insert the following new language:

SEC. 403. UNITED STATES PERSONNEL MISSING IN ACTION IN SOUTHEAST ASIA

(a) Notwithstanding any other provision of law, if the President determines that a nonmarket economy country is not cooperating with the United States—

(1) to achieve a complete accounting of all United States military and civilian personnel who are missing in action in Southeast Asia,

(2) to repatriate such personnel who are alive, and

(3) to return the remains of such personnel who are dead to the United States,

then during the period beginning with the date of such determination and ending on the date on which the President determines such country is cooperating with the United States—

(A) the products of such country may not receive nondiscriminatory treatment,

(B) such country may not participate, directly or indirectly, in any program under which the United States extends credit, credit guarantees, or investment guarantees, and

(C) no commercial agreement entered into under this title between such country and the United States will take effect.

(b) After the date of the enactment of this Act, (1) a nonmarket economy country may receive nondiscriminatory treatment, (2)

such country may participate in a program under which the United States extends credit, credit guarantees, or investment guarantees, and (3) a commercial agreement between the United States and such country entered into under this title may take effect under the provisions of this title, only after the President has submitted to the Congress a report indicating that such country is cooperating with the United States as described in subsection (a). Such report shall include information as to the nature of the cooperation by such country with the United States in securing an accounting for military and civilian personnel who are missing in action, the repatriation of those who are alive, and the recovery of the remains of those who are dead. The report required by this subsection shall be submitted initially as provided herein and, with current information, on or before each June 30 and December 31 thereafter so long as such treatment is received, such credits or guarantees are extended, or such agreement is in effect.

(c) This section shall not apply to any country the products of which are eligible for the rates set forth in rate column numbered 1 of the Tariff Schedules of the United States on the date of the enactment of this Act.

On page 349, in line 18, strike out the number "403." and insert in lieu thereof the number "404.".

On page 249, beginning at line 20, strike out the following language:

(a) The President may by proclamation extend nondiscriminatory treatment to the products of a foreign country which—

(1) has entered into a bilateral commercial agreement referred to in section 404, or

(2) has become a party to an appropriate multilateral trade agreement to which the United States is also a party.

No such proclamation may take effect before the close of the applicable 90 day period referred to in section 406(c).

And insert in lieu thereof:

(a) Subject to the provisions of section 405(c), the President may by proclamation extend nondiscriminatory treatment to the products of a foreign country which has entered into a bilateral commercial agreement referred to in section 405.

On page 250, in line 13, strike out the words "or multilateral agreement".

On page 250, in line 24, strike out the words "column 2 rate" and insert in lieu thereof the words "rates set forth in rate column numbered 2 of the Tariff Schedules of the United States".

On page 251, in line 3, strike out the number "404." and insert in lieu thereof the number "405.".

On page 251, in line 6, strike out "(d)" and insert in lieu thereof "(c)".

On page 251, in line 18, strike out the words "trade concessions" and insert in lieu thereof the words "concessions in trade and services".

On page 251, in line 20, strike out the word "each" and insert in lieu thereof the word "such".

On page 252, beginning at line 8, strike out the following language:

(3) provide safeguard arrangements necessary to prevent disruption of domestic markets;

(4) if the other party to the bilateral agreement is not a party to the Paris Convention for the Protection or Industrial Property, provide rights for United States nationals with respect to patents in such country not less than the rights specified in such convention;

(5) provide arrangements for the settlement of commercial differences and disputes; and

(6) provide for consultations for the purpose of reviewing the operation of the agreement and relevant aspects of relations between the United States and the other party.

(c) Bilateral commercial agreements referred to in subsection (a) may, in addition, include provisions concerning—

(1) arrangements for the protection of industrial rights and processes, trademarks, and copyrights;

(2) arrangements for the promotion of trade, including those for the establishment or expansion of trade and tourist promotion offices, for facilitation of activities of governmental commercial officers, participation in trade fairs and exhibits and the sending of trade missions, and for facilitation of entry, establishment, and travel of commercial representatives; and

(3) such other arrangements of a commercial nature as will promote the purposes stated in section 2.

(d) An agreement referred to in subsection (a), and a proclamation referred to in section 403(a), shall take effect only if, during the 90-day period referred to in section 406 (c), a disapproval resolution referred to in section 151 is not adopted.

And insert in lieu thereof:

(3) include safeguard arrangements (A) providing for prompt consultations whenever either actual or prospective imports cause or threaten to cause, or significantly contribute to, market disruption and (B) authorizing the imposition of such import restrictions as may be appropriate to prevent such market disruption;

(4) if the other party to the bilateral agreement is not a party to the Paris Convention for the Protection of Industrial Property, provide rights for United States nationals with respect to patents and trademarks in such country not less than the rights specified in such convention;

(5) if the other party to the bilateral agreement is not a party to the Universal Copyright Convention, provide rights for United States nationals with respect to copyrights in such country not less than the rights specified in such convention;

(6) in the case of an agreement entered into or renewed after the date of the enactment of this Act, provide arrangements for the protection of industrial rights and processes;

(7) provide arrangements for the settlement of commercial differences and disputes;

(8) in the case of an agreement entered into or renewed after the date of the enactment of this Act, provide arrangements for the promotion of trade, which may include those for the establishment or expansion of trade and tourist promotion offices, for facilitation of activities of governmental commerical officers, participation in trade fairs and exhibits, and the sending of trade missions, and for facilitation of entry, establishment, and travel of commercial representatives;

(9) provide for consultations for the purpose of reviewing the operation of the agreement and relevant aspects of relations between the United States and the other party; and

(10) provide such other arrangements of a commercial nature as will promote the purposes of this Act.

(c) An agreement referred to in subsection (a), and a proclamation referred to in section 404(a) implementing such agreement, shall take effect only if (1) approved by the Congress by the adoption of a concurrent resolution referred to in section 151, or (2) in the case of an agreement entered into before the date of the enactment of this Act and a proclamation implementing such agreement, a resolution of disapproval referred to in section 152 is not adopted during the 90-day period specified by section 407(c)(2).

On page 255, in line 14, strike out the number "405." and insert in lieu thereof the number "406.".

On page 255, beginning at line 15, strike out the following language:

(a) A petition may be filed, or a Tariff Commission investigation otherwise initiated, under section 201 of this Act in respect of imports of an article manufactured or produced in a country, the products of which are receiving nondiscriminatory treatment pursuant to this title, in which case the Tariff Commission shall determine (in lieu of the determination described in section 201(b) of this Act) whether imports of such article produced in such country are causing or are likely to cause market disruption and material injury to a domestic industry producing like or directly competitive articles.

(b) For purposes of sections 202 and 203, an affirmative determination of the Tariff Commission pursuant to subsection (a) of this section shall be treated as an affirmative determination of the Tariff Commission pursuant to section 201(b) of this Act; except that the President, in taking action pursuant to section 203(b), may adjust imports of the article from the country in question without taking action in respect of imports from other countries.

(c) For purposes of this section, market disruption exists whenever imports of a like or directly competitive article are substantial, are increasing rapidly both absolutely and as a proportion of total domestic consumption, and are offered at prices substantially below those of comparable domestic articles.

And insert in lieu thereof:

(a)(1) Upon the filing of a petition by an entity described in section 201(a)(1), upon request of the President or the Special Representative for Trade Negotiations, upon resolution of either the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate, or on its own motion, the International Trade Commission (hereafter in this section referred to as the "Commission") shall promptly make an investigation to determine, with respect to imports of an article which is the product of a Communist country, whether market disruption exists with respect to an article produced by a domestic industry.

(2) The provisions of subsections (a)(2), (b)(3), and (c) of section 201 shall apply with respect to investigations by the Commission under paragraph (1).

(3) The Commission shall report to the President its determination with respect to each investigation under paragraph (1) and the basis therefor and shall include in each report any dissenting or separate views. If the Commission finds, as a result of its investigation, that market disruption exists with respect to an article produced by a domestic industry, it shall find the amount of the increase in, or imposition of, any duty or other import restriction on such article which is necessary to prevent or remedy such market disruption and shall include such finding in its report to the President. The Commission shall furnish to the President a transcript of the hearings and any briefs which may have been submitted in connection with each investigation.

(4) The report of the Commission of its determination with respect to an investigation under paragraph (1) shall be made at the earliest practicable time, but not later

than 3 months after the date on which the petition is filed (or the date on which the request or resolution is received or the motion is adopted, as the case may be). Upon making such report to the President, the Commission shall also promptly make public such report (with the exception of information which the Commission determines to be confidential) and shall cause a summary thereof to be published in the Federal Register.

(b) For purposes of sections 202 and 203, an affirmative determination of the Commission under subsection (a) shall be treated as an affirmative determination under section 201(b), except that—

(1) the President may take action under sections 202 and 203 only with respect to imports from the country or countries involved of the article with respect to which the affirmative determination was made, and

(2) if such action consists of, or includes, an orderly marketing agreement, such agreement shall be entered into within 60 days after the import relief determination date.

(c) If, at any time, the President finds that there are reasonable grounds to believe, with respect to imports of an article which is the product of a Communist country, that market disruption exists with respect to an article produced by a domestic industry, he shall request the Commission to initiate an investigation under subsection (a). If the President further finds that emergency action is necessary, he may take action under sections 202 and 203 as if an affirmative determination of the Commission had been made under subsection (a). Any action taken by the President under the preceding sentence shall cease to apply (1) if a negative determination is made by the Commission under subsection (a) with respect to imports of such article, on the day on which the Commission's report of such determination is submitted to the President, or (2) if an affirmative determination is made by the Commission under subsection (a) with respect to imports of such article, on the day on which the action taken by the President pursuant to such determination becomes effective.

(d)(1) A petition may be filed with the Special Representative for Trade Negotiations by an entity described in section 201(a)(1) requesting the Special Representative to initiate consultations provided for by the safeguard arrangements of any agreement entered into under section 405 with respect to imports of an article which is the product of the country which is the other party to such agreement.

(2) If the Special Representative determines that there are reasonable grounds to believe, with respect to imports of such article, that market disruption exists with respect to an article produced by a domestic industry, he shall initiate consultations with such country with respect to such imports.

(e) For purposes of this section—

(1) The term "Communist country" means any country dominated or controlled by communism.

(2) Market disruption exists within a domestic industry whenever an article is being, or is likely to be, imported into the United States in such increased quantities as to be a significant cause of material injury, or the threat thereof, to such domestic industry.

On page 260, in line 5, strike out the number "406." and insert in lieu thereof the number "407.".

On page 260, in line 5, strike out the words "DISAPPROVAL OF EXTENSION OR CONTINUANCE OF NONDISCRIMINATORY TREATMENT" and insert in lieu thereof the words "APPROVAL OR DISAPPROVAL OF EXTENSION OF NONDISCRIMINATORY TREATMENT AND PRESIDENTIAL REPORTS".

On page 260, in line 12, strike out the number "403" and insert in lieu thereof the number "404".

On page 260, beginning at line 18, strike out the following language:

(b) On or before December 31 of each year, the President shall transmit to the Congress, with respect to each foreign country the products of which are receiving nondiscriminatory treatment under this title, a document containing the report required by section 402(b) to be submitted on or before December 31.

And insert in lieu thereof:

(b) The President shall transmit to the House of Representatives and the Senate a document containing the initial report submitted by him under section 402(b) or 403(b) with respect to a nonmarket economy country. On or before December 31 of each year, the President shall transmit to the House of Representatives and the Senate, a document containing the report required by section 402(b) or 403(b), as the case may be, to be submitted on or before such December 31.

On page 261, beginning at line 8, strike out the following language:

(c) If, before the close of the 90-day period beginning on the day on which the copy of the document referred to in subsection (a) or (b) is delivered to the House of Representatives and to the Senate, either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval (under the procedures set forth in section 151) of the extension of nondiscriminatory treatment to the products of such country or for the continuing in effect of nondiscriminatory treatment with respect to such products, as the case may be, then, beginning with the day after the date of the adoption of such resolution of disapproval, nondiscriminatory treatment shall not be in force with respect to the products of such country, and the products of such country shall be dutiable at the column 2 rate.

And insert in lieu thereof:

(c)(1) In the case of a document referred to in subsection (a) (other than a document to which paragraph (2) applies), the proclamation set forth therein may become effective and the agreement set forth therein may enter into force and effect only if the House of Representatives and the Senate adopt, by an affirmative vote of a minority of those present and voting in each House, a concurrent resolution of approval (under the procedures set forth in section 151) of the extension of nondiscriminatory treatment to the products of the country concerned.

(2) In the case of a document referred to in subsection (a) which sets forth an agreement entered into before the date of the enactment of this Act and a proclamation implementing such agreement, such proclamation may become effective and such agreement may enter into force and effect after the close of the 90-day period beginning on the day on which such document is delivered to the House of Representatives and to the Senate, unless during such 90-day period either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval (under the procedures set forth in section 152) of the extension of nondiscriminatory treatment to the products of the country concerned.

(3) In the case of a document referred to in subsection (b) which contains a report submitted by the President under section 402(b) or 403(b) with respect to a nonmarket economy country, if, before the close of the 90-day period beginning on the day on which such document is delivered to the House of Representatives and to the Senate, either the House of Representatives or the Senate adopts, by an affirmative vote of a Senate adopts, by an affirmative vote of a House, a resolution of disapproval (under the procedures set forth in section 152) of the report submitted by the President with respect to the products of such country, and the the day after the date of the adoption of such resolution of disapproval, (A) nondiscriminatory treatment shall not be in force with respect to the products of such country, and the products of such country shall be dutiable at the rates set forth in rate column numbered 2 of the Tariff Schedules of the United States, (B) such country may not participate in any program of the Government of the United States which extends credit or credit guarantees or investment guarantees, and (C) no commercial agreement may thereafter be concluded with such country under this title.

On page 263, beginning at line 18, strike out the following language:

SEC. 407. EFFECTS OF OTHER LAWS.

The President shall from time to time reflect in general headnote 3(e) of the Tariff Schedules of the United States the provisions of this title and proclamations issued thereunder, as appropriate.

On page 264, beginning at line 1, insert the following new language:

SEC. 408. PAYMENT BY CZECHOSLOVAKIA OF AMOUNTS OWED UNITED STATES CITIZENS AND NATIONALS.

Notwithstanding any other provision of law, Czechoslovakia shall not be eligible to receive most-favored-nation treatment or to participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, directly or indirectly, and the Government of the United States shall not consent to the release to Czechoslovakia of any gold belonging to that nation and controlled directly or indirectly by the United States pursuant to the provisions of the Paris Reparations Agreement of January 24, 1946, or otherwise, until the Government of Czechoslovakia first pays all principal amounts it owes to citizens or nationals of the United States on awards heretofore rendered against that nation by the Foreign Claims Settlement Commission of the United States under the provisions of Public Law 85-604 (22 U.S.C. 1642 et seq.).

On page 265, in line 12, strike out the words "which, as of the date of entry or withdrawal from warehouse for consumption," and insert in lieu thereof the word "which".

On page 266, in line 1, strike out the number "30" and insert in lieu thereof the number "60".

On page 266, in line 2, after the word "Senate" insert the words "and has notified each country".

On page 266, beginning at line 6, strike out the following language:

(3) For purposes of this title, the term "country" means any foreign country, any overseas dependent territory or possession of a foreign country, any insular possession of the United States, or the Trust Territory of the Pacific Islands. In the case of any association of countries for trade purposes no member of which is barred from designation under subsection (b), the President may by Executive order provide that all members of such association shall be treated as one country for purposes of this title.

And insert in lieu thereof:

(3) For purposes of this title, the term "country" means any foreign country, any

overseas dependent territory or possession of a foreign country, or the Trust Territory of the Pacific Islands. In the case of an association of countries which is a free trade area or customs union, the President may by Executive order provide that all members of such association other than members which are barred from designation under subsection (b) shall be treated as one country for purposes of this title.

On page 267, beginning at line 13, strike out the following language:

(1) if the products of such country do not receive nondiscriminatory treatment by reason of general headnote 3(e) to the Tariff Schedules of the United States; or

(2) if such country affords preferential treatment to the products of a developed country other than the United States, unless the President has received assurances satisfactory to him that such preferential treatment will be eliminated before January 1, 1976.

And insert in lieu thereof:

(1) if such country is dominated or controlled by communism;

(2) if such country is a member of the Organization of Petroleum Exporting Countries;

(3) if such country is a party to any arrangement with other foreign countries, the effect of which is to withhold supplies of vital commodity resources from international trade or to raise the price of such commodities to an unreasonable level which causes serious disruption of the world economy;

(4) if such country accords preferential treatment to the products of a developed country, other than the United States, which has, or is likely to have, a significant adverse effect on United States commerce, unless the President has received assurances satisfactory to him that such preferential treatment will be eliminated before January 1, 1976, or that action will be taken before January 1, 1976, to assure that there will be no such significant adverse effect, and he reports those assurances to the Congress;

(5) if such country—

(A) has nationalized, expropriated, or otherwise seized ownership or control of property owned by a United States citizen or by a corporation, partnership, or association which is 50 percent or more beneficially owned by United States citizens,

(B) has taken steps to repudiate or nullify an existing contract or agreement with a United States citizen or a corporation, partnership, or association which is 50 percent or more beneficially owned by United States citizens, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of property so owned, or

(C) has imposed or enforced taxes or other exactions, restrictive maintenance or operational conditions, or other measures with respect to property so owned, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of such property,

unless—

(D) the President determines that—

(i) prompt, adequate, and effective compensation has been or is being made to such citizen, corporation, partnership, or association,

(ii) good faith negotiations to provide prompt, adequate, and effective compensation under the applicable provisions of international law are in progress, or such country is otherwise taking steps to discharge its obligations under international law with respect to such citizen, corporation, partnership, or association, or

(iii) a dispute involving such citizen, corporation, partnership, or association over compensation for such a seizure has been submitted to arbitration under the provisions of the Convention for the Settlement of Investment Disputes, or in another mutually agreed upon forum, and

promptly furnishes a copy of such determination to the Senate and House of Representatives; and

(6) if such country does not take adequate steps to prevent narcotic drugs and other controlled substances (as listed in the schedules in section 202 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 812)) produced, processed, or transported in such country from entering the United States unlawfully.

On page 271, beginning at line 3, strike out the following language:

(4) whether or not such country has nationalized, expropriated, or seized ownership or control of property owned by a United States citizen, or by any corporation, partnership, or association not less than 50 percent beneficially owned by citizens of the United States, without provision for the payment of prompt, adequate, and effective compensation.

And insert in lieu thereof:

(4) the extent to which such country has assured the United States it will provide equitable and reasonable access to the markets and basic commodity resources of such country.

(d) General headnote 3(a) to the Tariff Schedules of the United States (19 U.S.C. 1202) (relating to products of insular possessions) is amended by adding at the end thereof the following new paragraph:

"(iii) Subject to the limitations imposed under sections 503(b) and 504(c) of the Trade Reform Act of 1974, articles designated eligible articles under section 503 of such Act which are imported from an insular possession of the United States shall receive duty treatment no less favorable than the treatment afforded such articles imported from a beneficiary developing country under title V of such Act."

(e) The President may exempt from the application of paragraphs (2) and (3) of subsection (b) any country during the period during which such country (A) is a party to a bilateral or multilateral trade agreement to which the United States is also a party if such agreement fulfills the negotiating objectives set forth in section 108 of assuring the United States fair and equitable access at reasonable prices to supplies of articles of commerce important to the economic requirements of the United States and (B) is not in violation of such agreement by action denying the United States such fair and equitable access.

On page 272, beginning at line 13, strike out the following language:

(a) The President shall, from time to time, publish and furnish the Tariff Commission with lists of articles which may be considered for designation as eligible articles for purposes of this title. Before any such list is furnished to the Tariff Commission, there shall be in effect an Executive order under section 502 designating beneficiary developing countries. Before any action is taken under section 501 to provide duty-free treatment for any article, the provisions of sections 131, 132, 133, and 134 of this Act shall be complied with as though action under section 501 were action under section 101 of this Act to carry out a trade agreement entered into under section 101.

(b) The duty-free treatment provided under section 501 with respect to any eligible article shall apply only—

(1) to an article which is imported directly from a beneficiary developing country into the customs territory of the United States; and

(2) if the sum of (A) the cost or value of the materials produced in the beneficiary developing country plus (B) the direct costs of processing operations performed in the beneficiary developing country equal or exceed the prescribed percentage of the appraised value of the article at the time of its entry into the customs territory of the United States.

(c)(1) For purposes of subsection (b)(2), the prescribed percentage shall be that percentage, not less than 35 percent and not more than 50 percent of the appraised value, prescribed by the Secretary of the Treasury by regulations. Such percentage, which may be modified from time to time, shall apply uniformly to all articles from all beneficiary developing countries.

(2) The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out this subsection and subsection (b).

(d) No article shall be an eligible article for purposes of this title for any period during which such article is the subject of any action proclaimed pursuant to section 203 of this Act or section 351 of the Trade Expansion Act of 1962.

And insert in lieu thereof:

(a) The President shall, from time to time, publish and furnish the International Trade Commission with lists of articles which may be considered for designation as eligible articles for purposes of this title. Before any such list is furnished to the Commission, there shall be in effect an Executive order under section 502 designating beneficiary developing countries. The provisions of sections 131, 132, 133, and 134 of this Act shall be complied with as though action under section 501 were action under section 101 of this Act to carry out a trade agreement entered into under section 101. After receiving the advice of the Commission with respect to the listed articles, the President shall designate those articles he considers appropriate to be eligible articles for purposes of this title by Executive order.

(b) The duty-free treatment provided under section 501 with respect to any eligible article shall apply only—

(1) to an article which is imported directly from a beneficiary developing country into the customs territory of the United States; and

(2)(A) if the sum of (i) the cost or value of the materials produced in the beneficiary developing country plus (ii) the direct costs of processing operations performed in such beneficiary developing country is not less than 35 percent of the appraised value of such article at the time of its entry into the customs territory of the United States; or

(B) if the sum of (i) the cost or value of the materials produced in 2 or more countries which are members of the same association of countries which is treated as one country under section 502(a)(3), plus (ii) the direct costs of processing operations performed in such countries is not less than 50 percent of the appraised value of such article at the time of its entry into the customs territory of the United States.

For purposes of paragraph (2)(A), the term "country" does not include an association of countries which is treated as one country under section 502(a)(3) but does include a country which is a member of any such association. The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out this subsection.

(c) No article shall be an eligible article for purposes of this title for any period during which such article is the subject of any action proclaimed pursuant to section 203 of this Act or section 232 or 351 of the Trade Expansion Act of 1962.

On page 276, beginning at line 7, strike out the following language:

(b) The President shall withdraw or suspend the designation of any country as a beneficiary developing country if, after such designation—

(1) the products of such country are excluded from the benefit of nondiscriminatory treatment by reason of general headnote 3(e) to the Tariff Schedules of the United States; or

(2) he determines that such country has not eliminated or will not eliminate preferential treatment accorded by it to the products of a developed country other than the United States before January 1, 1976.

(c) Whenever the President determines that any country—

(1) has exported (directly or indirectly) to the United States a quantity of such article having an appraised value of more than $25,000,000 during any calendar year, or

(2) has exported (either directly or indirectly) to the United States a quantity of any article equal to or exceeding 50 percent of the value of the total imports of such article into the United States during any calendar year,

then, not later than 60 days after the close of such calendar year, such country shall not be treated as a beneficiary developing country with respect to such article unless, on or before such 60th day, the President determines and publishes that it is in the national interest to designate, or to continue the designation of, such country as a beneficiary developing country with respect to such article.

And insert in lieu thereof:

(b) The President shall, after complying with the requirements of section 502(a)(2), withdraw or suspend the designation of any country as a beneficiary developing country if, after such designation, he determines that as the result of changed circumstances such country would be barred from designation as a beneficiary developing country under section 502(b). Such country shall cease to be a beneficiary developing country on the day on which the President issues an Executive order revoking his designation of such country under section 502.

(c)(1) Whenever the President determines that any country—

(A) has exported (directly or indirectly) to the United States during a calendar year a quantity of an eligible article having an appraised value in excess of an amount which bears the same ratio to $25,000,000 as the gross national product of the United States for the preceding calendar year, as determined by the Department of Commerce, bears to the gross national product of the United States for calendar year 1974, or

(B) except as provided in subsection (d), has exported (either directly or indirectly) to the United States a quantity of any eligible article equal to or exceeding 50 percent of the appraised value of the total imports of such article into the United States during any calendar year,

then, not later than 60 days after the close of such calendar year, such country shall not be treated as a beneficiary developing country with respect to such article, except that, if before such 60th day, the President determines and publishes in the Federal Register that, with respect to such country—

(i) there has been an historical preferential trade relationship between the United States and such country,

(ii) there is a treaty or trade agreement in force covering economic relations between such country and the United States, and

(iii) such country does not discriminate against, or impose unjustifiable or unreasonable barriers to, United States commerce,

then he may designate, or continue the designation of, such country as a beneficiary developing country with respect to such article.

(2) A country which is no longer treated as a beneficiary developing country with respect to an eligible article by reason of this subsection may be redesignated, subject to the provisions of section 502, a beneficiary developing country with respect to such article if imports of such article from such country did not exceed the limitations in paragraph (1) of this subsection during the preceding calendar year.

(d) Subsection (c)(1)(B) does not apply with respect to any eligible article if a like or directly competitive article is not produced in the United States.

On page 279, at the beginning of line 13, strike out "(d)" and insert in lieu thereof "(e)".

On page 280, in lieu 20, strike out the words "period, before the date on which the trade agreement is entered into, determined by him to be representative" and insert in lieu thereof the words "representative period".

On page 281, in lieu 5, strike out the words "period determined by him to be representative" and insert in lieu thereof the words "representative period".

On page 281, beginning at line 25, strike out the following language:

(7) The term "existing" without the specification of any date, when used with respect to any matter relating to entering into or carrying out a trade agreement or other action authorized by this Act, means existing on the day on which such trade agreement is entered into or such other action is taken, and, when referring to a rate of duty, refers to the nonpreferential rate of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing in column 1 of the Tariff Schedules of the United States on such day.

And insert in lieu thereof:

(7) The term "existing" means (A) when used, without the specification of any date, with respect to any matter relating to entering into or carrying out a trade agreement or other action authorized by this Act, existing on the day on which such trade agreement is entered into or such other action is taken; and (B) when used with respect to a rate of duty, the nonpreferential rate of duty (however established, and even through temporarily suspended by Act of Congress or otherwise) set forth in rate column numbered 1 of schedules 1 through 7 of the Tariff Schedules of the United States on the date specified or (if no date is specified) on the day referred to in clause (A).

On page 283, beginning at line 5, insert the following new language:

(10) The term "commerce" includes services associated with international trade.

On page 283, in line 14, strike out "1973" and insert in lieu thereof "1974".

On page 283, in line 19, strike out "1973" and insert in lieu thereof "1974".

On page 283, in line 24, strike out "1973" and insert in lieu thereof "1974".

On page 284, in line 6, strike out "1973" and insert in lieu thereof "1974".

On page 284, in line 9, after the word "paragraph (2)," insert the words "and inserting in lieu thereof the following: "unless extended under section 203 of the Trade Reform Act of 1974,"".

On page 284, at the end of line 14, strike out "(d)" and insert in lieu thereof "(e)".

On page 285, in line 11, strike out the word "TARIFF" and insert in lieu thereof the words "INTERNATIONAL TRADE".

On page 285, in line 13, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 285, in line 18, strike out the word "Tariff".

On page 285, in line 20, strike out the word "Tariff".

On page 286, beginning at line 16, strike out the following language:

It is the sense of the Congress that effective international cooperation is necessary to put an end to the illicit production, smuggling, trafficking in, and abuse of dangerous drugs. In order to promote such cooperation, the President shall embargo trade and investment, public and private, with any nation when the President determines that the government of such country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. sec. 801 et seq.)) produced or processed, in whole or in part, in such country, or transported through such country, from entering the United States unlawfully. Such suspension shall continue until the President determines that the government of such country has taken adequate steps to carry out the purposes of this section.

And insert in lieu thereof the following:

The President shall submit a report to Congress at least once each calendar year listing those foreign countries in which narcotic drugs and other controlled substances (as listed under section 202 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 812)) are produced, processed, or transported for unlawful entry into the United States. Such report shall include a description of the measures such countries are taking to prevent such production, processing, or transport.

SEC. 607. VOLUNTARY LIMITATIONS ON EXPORTS OF STEEL TO THE UNITED STATES.

No person shall be liable for damages, penalties, or other sanctions under the Federal Trade Commission Act (15 U.S.C. 41–77) or the Antitrust Acts (as defined in section 4 of the Federal Trade Commission Act (15 U.S.C. 44)), or under any similar State law, on account of his negotiating, entering into, participating in, or implementing an arrangement providing for the voluntary limitation on exports of steel and steel products to the United States, or anny modification or renewal of such an arrangement, if such arrangement or such modification or renewal—

(1) was undertaken prior to the date of the enactment of this Act at the request of the Secretary of State or his delegate, and

(2) ceases to be effective not later than January 1, 1975.

SEC. 608. UNIFORM STATISTICAL DATA ON IMPORTS, EXPORTS, AND PRODUCTION.

(a) Section 484(e) of the Tariff Act of 1930 (19 U.S.C. 1484(e)) is amended to read as follows:

"(e) STATISTICAL ENUMERATION.—The Secretary of the Treasury, the Secretary of Commerce, and the United States International Trade Commission are authorized and directed to establish from time to time for statistical purposes an enumeration of articles in such detail as in their judgment may be necessary, comprehening all merchandise imported into the United States and exported from the United States, and shall seek in con-

junction with statistical programs for domestic production, to establish the comparability thereof with such enumeration of articles. All import entires and export declarations shall include or have attached thereto an accurate statement specifying, in terms of such detailed enumeration, the kinds and qualities of all merchandise imported and exported and the value of the total quantity of each kind of article.".

(b) The amendment made by subsection (a) insofar as it relates to export declarations shall take effect on January 1, 1976.

SEC. 609. SUBMISSION OF STATISTICAL DATA ON IMPORTS AND EXPORTS.

(a) Section 301 of title 13, United States Code, is amended—

(1) by inserting "(a)" before "The Secretary"; and

(2) by adding at the end thereof the following new subsections:

"(b) The Secretary shall submit to the Commitee on Ways and Means of the House of Representatives and the Commitee on Finance of the Senate, on current monthly and cumulative bases, statistics on United States imports for consumption and United States exports by country and by product. Statistics on United States imports shall be submitted in accordance with the Tariff Schedules of the United States Annotated and general statistical headnote 1 thereof, in detail as follows:

"(1) net quantity;

"(2) United States customs value;

"(3) purchase price or its equivalent;

"(4) equivalent of arm's length value;

"(5) aggregate cost from port of exportation to United States port of entry;

"(6) a United States port of entry value comprised of (5) plus (4), if applicable, or if not applicable, (5) plus (3); and

"(7) for transactions where (3) and (4) are equal, the total value of such transactions.

The data for paragraphs (1), (2), (3), (5), and (6) shall be reported separately for nonrelated and related party transactions, and shall also be reported as a total of all transactions.

"(c) In submitting any information under subsection (b) with respect to exports, the Secretary shall state separately from the total value of all exports—

"(1)(A) the value of agricultural commodities exported under the Agricultral Trade Development and Assistance Act of 1954, as amended; and

"(B) the total amount of all export subsidies paid to exporters by the United States under such Act for the exportation of such commodities; and

"(2) the value of goods exported under the Foreign Assistance Act of 1961.

"(d) To assist the Secretary to carry out the provisions of subsections (b) and (c)—

(1) The Secretary of Agriculture shall furnish information to the Secretary concerning the value of agricultural commodities exported under provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and the total amounts of all export subsidies paid to exporters by the United States under such Act for the exportation of such commodities; and

"(2) the Secretary of State shall furnish information to the Secretary concerning the value of goods exported under the provisions of the Foreign Assistance Act of 1961, as amended."

(b) The amendments made by subsection (a) shall take effect on January 1, 1975.

SEC. 610. GIFTS SENT FROM INSULAR POSSESSIONS.

(a) Section 321(a)(2)(A) of the Tariff Act of 1930 (19 U.S.C. 1321(a)(2)(A)) is amended by inserting after "United States" the following: "($20, in the case of articles sent as bona fide gifts from persons in the Virgin Islands, Guam, and American Samoa)".

(b) The amendment made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse, for consumption after the date of the enactment of this Act.

SEC. 611. REVIEW OF PROTESTS IN IMPORT SURCHARGE CASES.

Notwithstanding the provisions of section 515(a) of the Tariff Act of 1930 (19 U.S.C. 1515(a)), in the case of any protest under section 514 of such Act involving the imposition of an import surcharge in the form of a supplemental duty pursuant to Presidential Proclamation 4074, dated August 17, 1971, the time for review and allowing or denying the protest shall not expire until five years from the date the protest was filed in accordance with such section 514.

SEC. 612. TRADE RELATIONS WITH CANADA.

It is the sense of the Congress that the United States should enter into a trade agreement with Canada which will guarantee continued stability to the economies of the United States and Canada. In order to promote such economic stability, the President may initiate negotiations for a trade agreement with Canada to establish a free trade area covering the United States and Canada. Nothing in this section shall be construed as prior approval of any legislation which may be necessary to implement such a trade agreement.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

SENATE RESOLUTION 443—DESIGNATION OF DR. FLOYD M. RIDDICK AS PARLIAMENTARIAN EMERITUS OF THE U.S. SENATE

Mr. MANSFIELD. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution with its preamble, will be stated.

The assistant legislative clerk read as follows:

S. RES. 443

Whereas the Senate has been advised of the retirement of its Parliamentarian, Floyd M. Riddick, at the end of this session: Therefore be it

Resolved, That, effective at the *sine die* adjournment of this session, as a token of the appreciation of the Senate for his long and faithful service, Floyd M. Riddick is hereby designated as Parliamentarian Emeritus of the United States Senate.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. ALLLEN. Mr. President, I am delighted that the joint leadership has introduced this resolution naming Dr. Floyd M. Riddick as Parliamentarian Emeritus at the end of the 93d Congress.

Dr. Riddick has performed outstanding service as Parliamentarian of this body. He has acted in a nonpartisan, impartial manner. He has been of great assistance to every Member of the Senate.

I am hopeful that even though he is retiring as Parliamentarian and taking on the honorary title of Parliamentarian Emeritus, he will be available for consultation with Members of the Senate who may wish to confer with him, and I am sure that many Senators will.

I think it is sad that Dr. Riddick is retiring. He wants to travel, study, enjoy more time with his family, and certainly that is understandable.

Mr. President, I hope it will not be amiss if I ask unanimous consent that each Member of the Senate be named as a cosponsor of this resolution. I do make that unanimous-consent request.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. ALLEN. I am delighted to yield.

Mr. MANSFIELD. Mr. President, the job of being the Parliamentarian in the U.S. Senate is a difficult and a demanding one. The stresses and strains are much greater than the ordinary citizen would be led to believe.

I am delighted that this signal honor is being given to a man who has served so long and so faithfully, who has tried to be conscientious in his interpretations of the rules, who has tried to be fair to both sides and all sides. While I regret his retirement at the end of the year, I am delighted that the Senate will shortly bestow upon him an unusual honor—the second time this has been done in the history of the Senate—that of Parliamentarian Emeritus.

Mr. HUGH SCOTT. Mr. President, I join the majority leader in expressing my regrets on learning of the retirement of our Parliamentarian, Dr. Floyd Riddick. He has been enormously helpful to me during my tenure as Republican leader and I will miss his calm and balanced judgments on the thorny procedural questions which arise daily.

I wish Dr. Riddick well in his retirement years, although I am hopeful that he will be available from time to time for consultation as our Parliamentarian Emeritus.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. ALLEN. I yield.

Mr. HELMS. Mr. President, inasmuch as the distinguished Parliamentarian is a native of my State, I am grateful to the distinguished Senator from Alabama and the distinguished majority leader for the tributes they have paid to him.

I join them in my appreciation to Dr. Riddick for what he has meant during my brief tenure in the Senate. He has been highly instructive; he has always been fair and objective.

I am grateful to the Senator from Alabama and the Senator from Montana for their coments about my fellow North Carolinian.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. ALLEN. I yield.

Mr. JAVITS. Mr. President, I am pleased that I arrived in the Chamber at a moment when we are paying tribute to our Parliamentarian, who is retiring, because I should like to emphasize one thing about him which has been of

enormous help to me, and that is his importance as an educational factor.

I came to the Senate knowing the House rules but hardly the Senate rules, and he was enormously helpful and patient in guiding my own views.

When you put a problem to him, he really answers it objectively, and he has no inhibition about the fact that he may have to rule on it and that he might rule differently. He appreciates the fact that we are all well over 21 and that our job is to look after ourselves, but his job is to be as helpful and instructive as he can to each of us individually.

I respectfully submit that for me—and I think it is true for many of us—he has made us much better Senators than we otherwise would have been without this fountain of knowledge from which we could drink, without any inhibition on his part that he had to worry about what he told us in the light of subsequent rulings.

Mr. ALLEN. I thank the distinguished Senator from New York.

Mr. President, the books that Dr. Riddick has written will serve the Senate in good stead for years to come. His book on Senate procedure, recently published, to complement the work of Dr. Riddick and Dr. Watkins, will be of great use to the Senate for decades to come.

I should like to make this comment with respect to the rulings by the Parliamentarian, which of course are the rulings of the Chair more properly: We need in this body uniform rules to go by, rules that will be the same under the same set of circumstances as the issues presented from time to time. I have served in legislative bodies for a number of years, in our State legislature and in the U.S. Senate.

I have never yet voted to overrule the Chair, even though I might disagree with the Chair. I feel that we must have uniformity in our rules. I do not think that the conduct of the Senate's business should be controlled by the whim or caprice of the Membership at a particular time when, due to emotionalism or other reasons, the Senate might want to go in a direction other than the direction that the rules prescribe.

I feel that this is a necessity, that we have an impartial Parliamentarian who will advise the Chair. I am confident that Dr. Riddick's successor, who I feel sure will be Mr. Murray Zweben, who has served under Dr. Riddick for a number of years, will carry on in the same fine tradition as Dr. Riddick.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution, with its preamble, was unanimously agreed to.

GROSS TONNAGE ABOARD CERTAIN VESSELS

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1353.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1353) to deduct from gross tonnage in determining net tonnage those spaces on board vessels used for waste materials, as follows:

Page 1, line 4, strike out "subsection", and insert: "paragraph".

Page 1, line 5, strike out "subsection:", and insert: "paragraph:".

Page 2, line 11, strike out "subsection." ", and insert: "paragraph."."

Page 2, line 14, strike out "subsections", and insert: "paragraphs".

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

The motion was agreed to.

COMMUNITY SERVICES ACT OF 1974

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of H.R. 14449, Calendar No. 1225.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 14449) to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana?

The motion was agreed to and the Senate proceeded to consider the bill.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, on behalf of the requisite number of Senators, I offer a cloture motion. It is my intention to ask unanimous consent that the vote on the motion to invoke cloture not occur until Wednesday. Under the rule, without such a consent being granted, the vote on the cloture motion would occur on Tuesday next. However, out of deference to my good friend from North Carolina (Mr. HELMS), who does not want that vote to occur on Tuesday, but prefers that the vote occur on Wednesday or Thursday, I shall ask unanimous consent that the vote not occur until Wednesday.

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

The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon H.R. 14449, a bill to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs.

Gaylord Nelson, Robert C. Byrd, Mike Mansfield, Gale W. McGee, Stuart Symington, Edward M. Kennedy, John V. Tunney, Thomas F. Eagleton, Charles McC. Mathias, Jr., Jacob K. Javits, Birch Bayh, Howard M. Metzenbaum, Clifford P. Case, Jennings Randolph, Philip A. Hart, Edmund S. Muskie, Adlai E. Stevenson III, Frank Church, Hubert H. Humphrey, and John O. Pastore.

Mr. NELSON. Mr. President, I send to the desk an amendment in the nature of a substitute to H.R. 14449.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. NELSON) proposes an amendment in the nature of a substitute.

The amendment in the nature of a substitute is as follows:

Strike all after the enacting clause and insert in lieu thereof as a substitute the text of S. 4178 (an original bill reported by the Committee on Labor and Public Welfare) as follows:

That this Act may be cited as the "Headstart, Economic Opportunity, and Community Partnership Act of 1974".

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to extend programs under the Economic Opportunity Act of 1964, including Headstart, community action, and community economic development programs; and to provide for increased involvement of State and local governments in antipoverty efforts by authorizing a community partnership program.

HEADSTART AND FOLLOW THROUGH

SEC. 3. (a) Title V of the Economic Opportunity Act of 1964 is amended by striking out the heading thereof and all of such title preceding part B thereof (which is hereby redesignated as part (D) and inserting in lieu thereof the following:

"TITLE V—HEADSTART AND FOLLOW THROUGH PROGRAMS

"PURPOSE OF TITLE

"SEC. 501. In recognition of the role of Project Headstart and Follow Through in the effective delivery of comprehensive health, education, nutritional, social, and other services to economically disadvantaged children and their families, it is the purpose of this title to provide the legislative basis for the administration of the Headstart and Follow Through programs in the Department of Health, Education, and Welfare.

"OFFICE OF CHILD DEVELOPMENT

"SEC. 502. Part A of this title shall be administered by the Office of Child Development in the Department of Health, Education, and Welfare. There shall be established within the Office of Child Development a division of migrant programs and a division of Indian programs, and the sums of $10,000,000 are authorized to be appropriated annually for the administration of each such division.

"PART A—HEADSTART PROGRAMS

"FINANCIAL ASSISTANCE FOR HEADSTART PROGRAMS

"SEC. 511. The Secretary may, upon application by an agency which is eligible for designation as a Headstart agency pursuant to section 514, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Headstart program focused primarily upon children from low-income families who have not reached the age of compulsory school attendance which (1) will provide such com-

prehensive health, nutritional, educational, social, and other services as will aid the children to attain their full potential, and (2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 512. There are authorized to be appropriated for carrying out the purposes of this part such sums as may be necessary for fiscal years 1975 through 1977.

"ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

"SEC. 513. (a) Of the sums appropriated pursuant to section 512 for any fiscal year beginning after June 30, 1975, the Secretary shall allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. In addition, the Secretary shall reserve not more than 20 per centum of the sums so appropriated for use in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest satisfactory available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes below the poverty line in each State as compared to all States; but there shall be made available, for use by Headstart programs within each State, no less funds for any fiscal year than were obligated for use by Headstart programs within such State with respect to fiscal year 1975, adjusted annually for cost-of-living increases. Allocation of such increases within each State shall, to the extent feasible, be made in such manner as to reflect the proportionate increases in program costs incurred by grantees, in accordance with regulations which the Secretary shall prescribe for this purpose. For the purpose of this subsection, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census.

"(b) Financial assistance extended under this part for a Headstart program shall not exceed 80 per centum of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this part.

"(c) No program shall be approved for assistance under this part unless the Secretary is satisfied that the services to be provided under such program will be in addition to, and not in substitution for, comparable services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may prescribe.

"(d) The Secretary shall establish policies and procedures designed to assure that not less than 10 per centum of the total number of enrollment opportunities in Headstart programs in the Nation shall be available for handicapped children (as defined in paragraph (1) of section 602 of the Education of the Handicapped Act) and that services shall be provided to meet their special needs. The Secretary shall report to the Congress at least annually on the status of handicapped children in Headstart programs, including the number of children being served, their handicapping conditions, and the services being provided such children.

"(e) The Secretary shall adopt appropriate administrative measures to assure that the benefit of this part will be distributed equitably between residents of rural and urban areas.

"DESIGNATION OF HEADSTART AGENCIES

"SEC. 514. (a) The Secretary is authorized to designate as a Headstart agency any local public or private nonprofit agency which (1) has the power and authority to carry out the purposes of this part and perform the functions set forth in section 515 within a community, and (2) is determined by the Secretary to be capable of planning, conducting, administering, and evaluating, either directly or by other arrangements, a Headstart program.

"(b) For the purposes of this title, a community may be a city, county, multicity, or multicounty unit within a State, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organization base and possesses the commonality of interest needed to operate a Headstart program.

"(c) In the administration of the provisions of this section, the Secretary shall give priority in the designation of Headstart agencies to any local public or private nonprofit agency which is receiving funds under any Headstart program on the date of the enactment of this Act, except that the Secretary shall, before giving such priority, determine that the agency involved meets program and fiscal requirements established by the Secretary.

"POWERS AND FUNCTIONS OF HEADSTART AGENCIES

"SEC. 515. (a) In order to be designated as a Headstart agency under this part, an agency must have authority under its charter or applicable law to receive and administer funds under this part, funds and contributions from private or local public sources which may be used in support of a Headstart program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this part, could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a Headstart program. Such an agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. This power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

"(b) In order to be so designated, a Headstart agency must also (1) establish effective procedures by which parents and area residents concerned will be enabled to influence the character of programs affecting their interests, (2) provide for their regular participation in the implementation of such programs, and (3) provide technical and other support needed to enable parents and area residents to secure on their own behalf available assistance from public and private sources.

"SUBMISSION OF PLANS TO GOVERNORS

"SEC. 516. In carrying out the provisions of this part, no contract, agreement, grant, or other assistance shall be made for the purpose of carrying out a Headstart program within a State unless a plan setting forth such proposed contract, agreement, grant, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by the Governor within thirty days of such submission, or, if so disapproved, has been reconsidered by the Secretary and found by him to be fully consistent with the provisions and in furtherance of the purposes of this part. Funds to cover the costs of the proposed contract, agreement, grant, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to the Governor. This section shall not, however, apply to contracts, agreements, grants, loans, or other assistance to any institution of higher education in existence on the date of enactment of this Act.

"ADMINISTRATIVE REQUIREMENTS AND STANDARDS

"SEC. 517. (a) Each Headstart agency shall observe standards of organization, management, and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this part and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each such agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each agency shall also provide for reasonable public access to information, including but not limited to public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. Each such agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits; to assure that only persons capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency performance and effectiveness; to guard against personal or financial conflicts of interests; and to define employee duties in an appropriate manner which will in any case preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

"(b) No financial assistance shall be extended under this part in any case in which the Secretary determines that the costs of developing and administering a program assisted under this title exceed 15 per centum of the total costs, including non-Federal contributions to such costs, of such program. In any case in which the Secretary determines that the cost of administering such program does not exceed 15 per centum of such total costs but, in his judgment, is excessive, he shall forthwith require the recipient of such financial assistance to take such steps prescribed by him as will eliminate such excessive administrative cost, including the sharing by one or more Headstart agencies of a common director and other administrative personnel. The Secretary may waive the limitation prescribed by this paragraph for specific periods of time not to exceed six months whenever he determines that such a waiver is necessary in order to carry out the purposes of this part.

"(c) The Secretary shall prescribe rules or regulations to supplement subsection (a) of this section, which shall be binding on all agencies carrying on Headstart program activities with financial assistance under this

part. He may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. Policies and procedures shall be established to insure that indirect costs attributable to the common or joint use of facilities and services by programs assisted under this part and other programs shall be fairly allocated among the various programs which utilize such facilities and services.

"(d) At least thirty days prior to their effective date, all rules, regulations, guidelines, instructions, and application forms shall be published in the Federal Register and shall be sent to each grantee with the notification that each such grantee has the right to submit comments pertaining thereto to the Secretary prior to the final adoption thereof.

"PARTICIPATION IN HEADSTART PROGRAMS

"SEC. 518. (a) The Secretary shall by regulation prescribe eligibility for the participation of persons in Headstart programs assisted under this part. Such criteria shall provide (1) that children from low-income families shall be eligible for participation in programs assisted under this part if their families are below the poverty line, or if their families are eligible or in the absence of child care would potentially be eligible for public assistance; (2) that children who are disadvantaged because of their limited English-speaking ability shall be eligible for participation in programs assisted under this part; and (3) that programs assisted under this part may include, to a reasonable extent, participation of children in the area served who would benefit from such programs but whose families do not meet the low-income criteria prescribed pursuant to clause (1).

"(b) The Secretary shall not prescribe any fee schedule or otherwise provide for the charging of any fees for participation in Headstart programs, unless such fees are authorized by legislation hereafter enacted.

"APPEALS, NOTICE, AND HEARING

"SEC. 519. The Secretary shall prescribe procedures to assure that—

"(1) specia' notice of and an opportunity for a timely and expeditious appeal to the Secretary will be provided for an agency or organization which desires to serve as a delegate agency under this part and whose application to the Headstart agency has been wholly or substantially rejected or has not been acted upon within a period of time deemed reasonable by the Secretary, in accordance with regulations which he shall prescribe;

"(2) financial assistance under this part shall not be suspended, except in emergency situations, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

"(3) financial assistance under this part shall not be terminated, an application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than thirty days, unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

"RECORDS AND AUDITS

"SEC. 520. (a) Each recipient of financial assistance under this part shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such financial assistance, the total cost of the project or undertaking in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

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

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 521. The Secretary may provide, directly or through grants or other arrangements, (1) technical assistance to communities in developing, conducting, and administering programs under this part, and (2) training for specialized or other personnel needed in connection with Headstart programs.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"SEC. 522. (a) The Secretary may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this part, and provide a program of research and needs assessment relating to bilingual methods and approaches in order to enhance the effectiveness of Headstart and Follow Through programs carried out under this title and related programs for persons of limited English-speaking ability. He may also contract or provide financial assistance for research pertaining to the purposes of this part.

"(b) The Secretary shall establish an overall plan to govern the approval of research, demonstration, or pilot projects and the use of all research authority under this part. Such plan shall set forth specific objectives to be achieved and priorities among such objectives.

"ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECT CONTRACTS

"SEC. 523 (a) The Secretary shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency or organization for any research, demonstration, or pilot project under this title; and

"(2) the results, findings, data, or recommendations made or reported as a result of such activities.

"(b) The public announcements required by subsection (a) of this section shall be made within thirty days of making such grants or contracts, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results.

"(c) The Director shall take necessary action to assure that all studies, proposals, and data produced or developed with Federal funds employed under this title shall become the property of the United States.

"(d) The Director shall publish studies of the results of activities carried out pursuant to this title not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such studies.

"EVALUATIONS

"SEC. 524. (a) The Secretary shall provide, directly or through grants or contracts, for the continuing evaluation of programs under this part, including evaluations that measure and evaluate the impact of programs authorized by this part, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluation.

"(b) Prior to obligating funds for the programs and projects covered by this part with respect to fiscal year 1976, the Secretary shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this part. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this part.

"(c) In carrying out evaluations under this part, the Secretary may require Headstart agencies to provide for independent evaluations.

"(d) In carrying out evaluations under this part, the Secretary shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this part about such programs and projects.

"(e) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"(f) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this part shall become the property of the United States.

"PART B—FOLLOW THROUGH PROGRAMS

"FINANCIAL ASSISTANCE FOR FOLLOW THROUGH PROGRAMS

"SEC. 551. (a)(1) The Secretary is authorized to provide financial assistance in the form of grants to local educational agencies, combinations of such agencies, and, as provided in paragraph (2) of this subsection, any other public or appropriate nonprofit private agencies, organizations, and institutions for the purpose of carrying out Follow Through programs focused primarily on children from low-income families in kindergarten and primary grades, including such children enrolled in private nonprofit elementary schools, who were previously enrolled in Headstart or similar programs.

"(2) Whenever the Secretary determines (A) that a local educational agency receiving assistance under paragraph (1) is unable or unwilling to include in a Follow Through program children enrolled in nonprofit private schools who would otherwise be eligible to participate therein, or (B) that it is otherwise necessary in order to accomplish the purposes of this section, he may provide financial assistance for the purpose of carrying out a Follow Through program to any other public or appropriate nonprofit private agency, organization, or institution.

"(3) Programs to be assisted under this section shall provide such comprehensive services as the Secretary determines will aid in the continued development of children described in paragraph (1) to their full potential. Such projects shall provide for the direct participation of the parents of such children in the development, conduct, and overall direction of the program at the local level. If the Secretary determines that participation in the project of children who are not from low-income families will serve to carry out the purposes of this section, he may provide for the inclusion of such children from non-low-income families, but only to the extent that their participation will not dilute the effectiveness of the services designed for children described in paragraph (1) of this subsection.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 552. (a) There are authorized to be appropriated for carrying out the purposes of this part such sums as may be necessary

for fiscal years 1975 through 1977. Funds so appropriated shall remain available for obligation and expenditure during the fiscal year succeeding the fiscal year for which they are appropriated.

"(b) Financial assistance extended under this part for a Follow Through program shall not exceed 80 per centum of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this part.

"(c) No project shall be approved for assistance under this part unless the Secretary is satisfied that the services to be provided under such project will be in addition to, and not in substitution for, services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may adopt.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS; EVALUATION; AND TECHNICAL ASSISTANCE ACTIVITIES

"SEC. 553. (a) In conjunction with other activities authorized by this part, the Secretary may—

"(1) provide financial assistance, by contract or otherwise, for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this part;

"(2) provide, directly or through grants or contracts, for the continuing evaluation of projects assisted under this part, including evaluations that describe and measure the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such projects, which evaluations shall be conducted by persons not directly involved in the administration of the project evaluated; and

"(3) provide, directly or through grants or other appropriate arrangements, (A) technical assistance to Follow Through programs in developing, conducting, and administering programs under this part, and (B) training for specialized or other personnel which is needed in connection with Follow Through programs.

"SPECIAL CONDITIONS

"SEC. 554. (a) Recipients of financial assistance under this part shall provide maximum employment opportunities for residents of the area to be served, and to parents of children who are participating in projects assisted under this part.

"(b) Financial assistance under this part shall not be suspended for failure to comply with applicable terms and conditions, except in emergency situations, nor shall an application for refunding be denied, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken.

"(c) Financial assistance under this part shall not be terminated for failure to comply with applicable terms and conditions unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

"PART C—GENERAL PROVISIONS

"DEFINITIONS

"SEC. 571. As used in this title, the term—

"(1) 'Secretary' means the Secretary of Health, Education, and Welfare;

"(2) 'State' means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands; except that, when used in section 513(a) of this title, this term means only a State, Puerto Rico, or the District of Columbia; and

"(3) 'financial assistance' includes assistance provided by grant, agreement, or contract, and payments may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments.

"LABOR STANDARDS

"SEC. 572. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting and decorating of projects, buildings, and works which are federally assisted under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133—133z-15), and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(C)).

"COMPARABILITY OF WAGES

"SEC. 573. (a) The Secretary shall take such action as may be necessary to assure that persons employed in carrying out programs financed under this title shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of the persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher, or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938.

"NONDISCRIMINATION PROVISIONS

"SEC. 574. (a) The Secretary shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

"(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with, any program, project, or activity receiving assistance under this title.

"LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

"SEC. 575. No individual employed or assigned by any Headstart agency or other agency assisted under this title shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted under this part by such Headstart agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

"POLITICAL ACTIVITIES

"SEC. 576. (a) For purposes of chapter 15 of title 5 of the United States Code any agency which assumes responsibility for planning, developing, and coordinating Headstart programs and receives assistance under this title shall be deemed to be a State or local agency; and for purposes of clauses (1) and (2) of section 1502(a) of such title any agency receiving assistance under this part shall be deemed to be a State or local agency.

"(b) Programs assisted under this title shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office, (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election, or (3) any voter registration activity. The Secretary, after consultation with the Civil Service Commission, shall issue rules and regulations to provide for the enforcement of this section, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

"ADVICE FUNDING

"SEC. 577. For the purpose of affording adequate notice of funding available under this title, appropriations for carrying out this part are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"BILINGUAL ASSISTANCE

"SEC. 578. The Secretary shall insure that programs and activities assisted under this title provide that special assistance be given to the needs of persons of limited English-speaking ability (as defined in section 703(a)(1) of title VII of the Elementary and Secondary Education Act of 1965), by providing bilingual Headstart and Follow Through programs in which instruction is given in English and, to the extent necessary to allow such children to progress effectively through Headstart and Follow Through, in the native language of such children, and that such instruction is given with appreciation for the cultural heritage of such children."

(b) The Economic Opportunity Act of 1964 is further amended by striking out "Director" each place it appears in sections 522 and 523 and inserting in lieu thereof "Secretary", by striking out "and the Secretary of Health, Education, and Welfare" in section 522(d), and by striking out "their jurisdictions" in section 522(d) and inserting in lieu thereof "his jurisdiction".

(c) Sections 521 through 523 of the Economic Opportunity Act of 1964 are redesignated as sections 581 through 583, respectively.

(d)(1) Section 2 of the Child Abuse Prevention and Treatment Act is amended by

adding at the end thereof the following new subsection:

"(c) The Secretary may carry out his functions under subsection (b) of this section either directly or by way of grant or contract.".

(2) Section 4 of such Act is amended by adding at the end thereof the following new subsection:

"(e) For the purpose of this section, the term 'State' includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, Guam and the Trust Territories of the Pacific.".

ASSISTANCE FOR MIGRANT AND OTHER SEASONALLY EMPLOYED FARMWORKERS AND THEIR FAMILIES

SEC. 4. (a) Section 312(b)(3) of the Economic Opportunity Act of 1964 is amended by striking out "and training" and inserting in lieu thereof "and developmental programs".

(b) Effective October 1, 1975, the Economic Opportunity Act of 1964 is further amended by inserting after section 314 thereof the following new section:

"NATIONAL OFFICE FOR MIGRANT AND SEASONAL FARMWORKERS

"SEC. 315. There shall be established within the Community Services Administration a National Office for Migrant and Seasonal Farmworkers which shall be responsible for administering this part and for coordinating programs under this part with other Federal programs designed to assist or serve migrant and seasonal farmworkers, and for reviewing and monitoring such programs."

(c) In providing financial assistance under the provisions of part B of title III of the Economic Opportunity Act of 1964, the Director shall give priority to any public or private nonprofit agency which has previously received financial assistance thereunder for the provision of services for migrant and other seasonally employed farmworkers and their families, taking into account financial assistance provided to any such agency under section 303 of the Comprehensive Employment and Training Act of 1973.

NATIVE AMERICAN PROGRAMS

SEC. 5. The Economic Opportunity Act of 1964 is further amended by inserting after title VII thereof the following new title VIII:

"TITLE VIII—NATIVE AMERICAN PROGRAMS

"SHORT TITLE

"SEC. 801. This title may be cited as the 'Native American Economic Opportunity Programs Act'.

"STATEMENT OF PURPOSE

"SEC. 802. The purpose of this title is to promote the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives (as defined in paragraph (3) of section 813 of this title), and Alaskan Natives.

"FINANCIAL ASSISTANCE FOR NATIVE AMERICAN PROJECTS

"SEC. 803. (a) The Director is authorized to provide financial assistance to public and nonprofit private agencies, including but not limited to, governing bodies of Indian tribes on Federal and State reservations, Alaskan Native villages and regional corporations established by the Alaska Native Claims Settlement Act, and such public and nonprofit private agencies serving Hawaiian Natives, and Indian organizations in urban or rural non-reservation areas, for projects pertaining to the purposes of this title. In determining the projects to be assisted under this title, the Director shall consult with the other Federal agencies for the purpose of eliminating duplication or conflict among similar activities or projects and for the purpose of determining whether the findings resulting from those projects may be incorporated into one or more programs for which those agencies are responsible.

"(b) Financial assistance extended to an agency under this title shall not exceed 80 per centum of the approved costs of the assisted project, except that the Director may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this title. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. The Director shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this title.

"(c) No project shall be approved for assistance under this title unless the Director is satisfied that the activities to be carried out under such project will be in addition to, and not in substitution for, comparable activities previously carried out without Federal assistance, except that the Director may waive this requirement in any case in which he determines, in accordance with regulations establishing objective criteria, that application of the requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes of this title.

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 804. The Director may provide, directly or through other arrangements, (1) technical assistance to public and private agencies in developing, conducting, and administering projects under this title, and (2) short-term in-service training for specialized or other personnel which is needed in connection with projects receiving financial assistance under this title.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"SEC. 805. (a) The Director may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise furthering the purposes of this title.

"(b) The Director shall establish an overall plan to govern the approval of research, demonstration, and pilot projects and the use of all research authority under this title. The plan shall set forth specific objectives to be achieved and priorities among such objectives.

"ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, OR PILOT PROJECTS

"SEC. 806. (a) The Director shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency for a research, demonstration, or pilot project; and

"(2) except in cases in which the Director determines that it would not be consistent with the purposes of this title, the results, findings, data, or recommendations made or reported as a result of such activities.

"(b) The public announcements required by subsection (a) shall be made within thirty days of making such grants or contracts, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results.

"SUBMISSION OF PLANS TO STATE AND LOCAL OFFICIALS

"SEC. 807. (a) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out on or in an Indian reservation or Alaskan Native village, unless a plan setting forth the project has been submitted to the governing body of that reservation or village and the plan has not been disapproved by the governing body within thirty days of its submission.

"(b) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a State other than on or in an Indian reservation or Alaskan Native village or Hawaiian Homestead, unless the Director has notified the chief executive officer of the State of his decision to provide that assistance.

"(c) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a city, county, or other major political subdivision of a State, other than on or in an Indian reservation or Alaskan village, or Hawaiian Homestead, unless the Director has notified the local governing officials of the political subdivision of his decision to provide that assistance.

"RECORDS AND AUDITS

"SEC. 808. (a) Each agency which receives financial assistance under this title shall keep such records as the Director may prescribe, including records which fully disclose the amount and disposition by that agency of such financial assistance, the total cost of the project in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Director and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of any agency which receives financial assistance under this title that are pertinent to the financial assistance received under this title.

"APPEALS, NOTICE, AND HEARING

"SEC. 809. The Director shall prescribe procedures to assure that—

"(1) financial assistance under this title shall not be suspended, except in emergency situations, unless the assisted agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

"(2) financial assistance under this title shall not be terminated, an application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than thirty days, unless the assisted agency has been afforded reasonable notice and opportunity for a full and fair hearing.

"EVALUATION

"SEC. 810. (a) The Director shall provide, directly or through grants or contracts, for the evaluation of projects assisted under this title, including evaluations that describe and measure the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such projects. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluated.

"(b) Prior to obligating funds for the programs and projects covered by this title with respect to fiscal year 1976, the Director shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this title. The extent to which such standards have

been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this title.

"(c) In carrying out evaluations under this title, the Director may require agencies which receive assistance under this title to provide for independent evaluations.

"(d) In carrying out evaluations under this title, the Director shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this title about such programs and projects.

"(e) The Director shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"(f) The Director shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this title shall become the property of the United States.

"LABOR STANDARDS

"SEC. 811. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting or decorating, of buildings or other facilities in connection with projects assisted under this title, shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act. The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950, and section 2 of the Act of June 1, 1934.

"DELEGATION OF AUTHORITY

"SEC. 812. (a) The Director is authorized to delegate to the heads of other departments and agencies of the Federal Government any of his functions, powers, and duties under this title, as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this title.

"(c) Funds appropriated for the purpose of carrying out this title may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are authorized and appropriated.

"DEFINITIONS

"SEC. 813. As used in this title, the term—

"(1) 'financial assistance' includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment, or goods or services;

"(2) 'Indian reservation or Alaskan Native village' includes the reservation of any federally or State recognized Indian tribe, including any band, nation, pueblo, or rancheria, any former reservation in Oklahoma, any community under the jurisdiction of an Indian tribe, including a band, nation, pueblo, or rancheria, with allotted lands or lands subject to a restriction against alienation imposed by the United States or a State, and any lands of or under the jurisdiction of an Alaskan Native village or group, including any lands selected by Alaska Natives or Alaskan Native organizations under the Alaska Native Claims Settlement Act; and

"(3) 'Native Hawaiian' means any individual any of whose ancestors were natives of the area which consists of the Hawaiian Islands prior to 1778.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 814. There are authorized to be appropriated for the purpose of carrying out the provisions of this title, such sums as may be necessary for fiscal year 1975 through 1977."

COMMUNITY ACTION PROGRAMS WITH INDIAN TRIBES

SEC. 6. Section 210 of the Economic Opportunity Act of 1964 is amended—

(1) in subsection (a) thereof, by inserting "or an Indian tribal government," before the word "which" the second place it appears therein; and

(2) by repealing subsection (f) thereof.

RESEARCH AND DEMONSTRATION PROGRAMS

SEC. 7. The Economic Opportunity Act of 1964 is further amended by adding at the end thereof the following new title:

"TITLE XI—RESEARCH AND DEMONSTRATIONS

"STATEMENT OF PURPOSE

"SEC. 1101. The purpose of the title is to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, including persons of limited English-speaking ability, in rural and urban areas to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"SEC. 1102. (a) The Director may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise furthering the purposes of this title.

"(b) The Director shall establish an overall plan to govern the approval of research, demonstration, and pilot projects and the use of all research authority under this title. Such plan shall set forth specific objectives to be achieved and priorities among such objectives. In formulating the plan, the Director shall consult with other Federal agencies for the purpose of minimizing duplication among similar activities or projects and determining whether the findings resulting from any such projects may be incorporated into one or more programs for which those agencies are responsible.

"(c) No project shall be commenced under this section unless a plan setting forth such proposed project has been submitted to the chief executive officer of the State in which the project is to be located and such plan has not been disapproved by him within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title.

"(d) In making grants or contracts under this title, the Director shall insure that not less than 25 per centum of the funds made available under this title in any fiscal year shall be made available for programs or projects receiving financial assistance under section 221 or 235 of this Act.

"CONSULTATION

"SEC. 1103. In carrying out projects under this title, the Director shall, whenever feasible, arrange to obtain the opinions of program participants about the strengths and weaknesses of programs.

"ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"SEC. 1104. (a) The Director shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency or organization for any research, demonstration, or pilot project under this title; and

"(2) the results, findings, data, or recommendations made or reported as a result of such research, demonstration, or pilot project.

"(b) The public announcements required by subsection (a) of this section shall be made within thirty days of making any such grant or contract, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results, findings, data, or recommendations.

"(c) The Director shall take necessary action to assure that all studies, proposals, and data produced or developed with Federal funds employed under this title shall become the property of the United States.

"(d) The Director shall publish studies of the results of activities carried out pursuant to this title not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such studies.

"NONDISCRIMINATION PROVISIONS

"SEC. 1105. (a) The Director shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

"(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Director to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with any program, project, or activity receiving assistance under this title.

"PROHIBITION OF FEDERAL CONTROL

"SEC. 1106. Nothing contained in this title shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system.

"DEFINITIONS

"SEC. 1107. As used in this title, the term—

"(1) 'State' means a State, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands; and

"(2) 'demonstration or pilot project' means any project, whether or not involving research, which includes the delivery of human services.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1108. There are authorized to be appropriated for carrying out the purposes of this title such sums as may be necessary for fiscal years 1975 through 1977."

EVALUATION

SEC. 8. Title IX of the Economic Opportunity Act of 1964 is amended to read as follows:

"TITLE IX—EVALUATION

"PROGRAM AND PROJECT EVALUATION

"SEC. 901. (a) (1) The Director shall, directly or through grants or contracts, measure and evaluate the impact of all programs authorized by this Act and of poverty-related programs authorized by other Acts, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluated.

"(2) In carrying out his responsibilities under this subsection, the Director, in the case of research, demonstrations, and related activities carried out under title XI of this Act, shall, after taking into consideration the views of State agencies and community action agencies designated pursuant to section 210 of this Act, on an annual basis—

"(A) reassess priorities to which such activities should be directed; and

"(B) review present research, demonstration, and related activities to determine, in terms of the purpose specified for such activities in section 1102(a) of this Act, whether and on what basis such activities should be continued, revised, or terminated.

"(3) The Director shall, within 12 months after the date of enactment of this Act, and on each April 1 thereafter, prepare and furnish to the appropriate committees of the Congress a complete report on the determination and review carried out under paragraph (2) of this subsection, together with such recommendations, including any recommendations for additional legislation as he deems appropriate.

"(b) Prior to obligating funds for the programs and projects covered by this Act with respect to fiscal year 1976, the Director shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this Act. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under any section of this Act. Reports submitted pursuant to section 608 of this Act shall describe the actions taken as a result of these evaluations.

"(c) In carrying out evaluations under this title, the Director shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this Act about such programs and projects, and shall consult, when appropriate, with State agencies and community action agencies designated pursuant to section 210, in order to provide for jointly sponsored objective evaluation studies on a State or areawide basis.

"(d) The Director shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"(e) The Director shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this Act shall become the property of the United States.

"COOPERATION OF OTHER FEDERAL AGENCIES

"SEC. 902. Such information and cooperation as the Director may deem necessary for purposes of the evaluations conducted under this title shall be made available to him, upon request, by the agencies of the executive branch."

COMMUNITY PARTNERSHIP

SEC. 9. (a) The Economic Opportunity Act of 1964 is further amended by inserting after section 234 thereof the following new sections:

"DEMONSTRATION COMMUNITY PARTNERSHIP AGREEMENTS

"SEC. 235. (a) The Director may provide financial assistance for carrying out community partnership agreements under this section, upon his approval of an agreement meeting the requirements of subsection (b) of this section entered into by (A) a community action agency or a public or private nonprofit agency designated under section 210 of this Act or a combination of such agencies, and (B) a public agency of a State, or a political subdivision of a State or a combination of such subdivisions. Such agreement shall provide for the planning, development, and administration of programs and activities of the type described in part A of this title.

"(b) Such agreement shall set forth the terms of any arrangements for the use of financial assistance under this section, including a description of—

"(1) the area to be served;

"(2) the program and activities to be provided;

"(3) a survey of the needs for services within the area and an inventory of the resources available to meet such needs;

"(4) the persons who are to benefit from such program and activities;

"(5) the role of public agencies, community action agencies, community economic development corporations, and other nonprofit agencies and organizations in providing programs and activities under the agreement; and

"(6) the extent, if any, to which programs under other provisions of this title and funded through other public and private sources are to be included as part of the agreement for the purposes of planning.

"(c) Financial assistance extended under this section shall not exceed 80 per centum of the approved cost of the assisted programs and activities. The Director may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Matching non-Federal funds shall be in cash.

"(d) Of the sums which are appropriated or allocated for assistance under this section, the Director shall allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. He shall also reserve not more than 20 per centum of sums appropriated or allocated for assistance under this subsection for allotment in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes below the poverty line in each State compared to all States. For purposes of this subsection, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 census. Funds within each State under this section shall be allocated by the Director among areas served by community action agencies or public or private nonprofit agencies designated under section 210 of this Act in the same proportion as the amount to be available to such area under section 221 for such fiscal year bears to the total of such amounts for use within the State for the prior fiscal year. Funds not utilized by any area within a State under this section shall be reallocated within the State as the Director deems appropriate for use under this section. Funds not utilized within a State shall be reallocated by the Director for use in other areas in the Nation, as he deems appropriate to achieve the objectives of the Act.

"(e) No program shall be approved for assistance under this section unless the Director finds that the programs and activities to be provided under such agreement will be supplemental to, and not in substitution for, programs under other provisions of this Act and services previously provided through other sources. The requirement of this subsection shall be subject to such regulations as the Director may adopt and promulgate establishing objective criteria for determinations with respect to situations where a strict application of that requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes of this Act.

"(f) No program shall be approved for assistance under this section unless the Director finds that other funds and resources devoted to programs designed to meet the needs of persons eligible for assistance under this Act within the community will not be diminished in order to provide any contributions required under subsection (c) of this section, but nothing herein shall be construed so as to preclude inclusion of other services as a part of the agreement for the purpose of planning pursuant to subsection (b) (6) of this section.

"(g) The provisions of section 242 of this Act shall not apply to assistance provided under this section.

"INTERGOVERNMENTAL ADVISORY COUNCIL ON COMMUNITY SERVICES

"SEC. 236. (a) There shall be established within the Office of Economic Opportunity or successor authority an Intergovernmental Advisory Council on Community Services (referred to in this section as the 'Council').

"(b) The Council shall be composed of nine members who shall be appointed by the President as follows:

"(i) Three members shall be appointed from among representatives of States and county and municipal governments or organizations which represent such governmental units, selected on an equitable political and geographic basis after considering recommendations made by the National Governors' Conference, the National League of Cities-United States Conference of Mayors, the National Association of Counties and similar organizations representative of State and local government.

"(ii) Three members shall be appointed from among representatives of community action agencies and other grantees under this Act or organizations which represent such agencies and grantees, selected on an equitable political and geographic basis after considering recommendations previously made by the Director of the Office of Economic Opportunity.

"(iii) Three members shall be appointed from among representatives of labor, management, and other sectors which have demonstrated active interest in community action and antipoverty programs.

"(c) The Council shall—

"(1) encourage the formation of community partnership agreements;

"(2) review the substance of such agreements and any regulations, guidelines, or other program criteria with respect thereto and advise the Director thereon prior to final approval thereof;

"(3) evaluate the effectiveness of such agreements in meeting the purposes of this Act;

"(4) conduct a continuing survey through-

out the Nation on the extent to which, and terms under which, public and private resources have been and may be available for antipoverty efforts;

"(5) identify and encourage means of increasing resources available for such activities; and

"(6) submit annual reports to the President and to the Congress on or before March 1, 1976, and March 1, 1977, with respect to its activities and findings, together with such recommendations for legislation as it may deem appropriate.

"(d) The Director shall provide the Council with such information and financial assistance as shall be necessary for the Council to discharge its functions under this section and necessary administrative service (including those related to budgeting, accounting, financial reporting, personnel and procurement) for which payment shall be made in advance or by reimbursement, and shall furnish the Council with copies of all grant applications within ten days of receipt thereof.

"FUNDS AVAILABLE

"SEC. 237. Out of any sums appropriated or allocated for local initiative programs under section 221 of this Act for any fiscal year, the Director may transfer and make available for the purpose of carrying out section 235 of this Act an amount not to exceed 50 per centum of any amount so appropriated or allocated which is in excess of $330,000,000 but not in excess of $450,000,000."

(b) Section 225(a) of the Economic Opportunity Act of 1964 is amended by striking out the third sentence thereof and inserting in lieu thereof the following: "The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes below the poverty line in each State as compared to all States. For purposes of this subsection, the Director shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census. The Director shall insure that for the fiscal year ending June 30, 1975, and for each succeeding fiscal year, no State and no community action agency within a State, shall be allotted for programs under section 221 and section 222(a) an amount which is less than the amount received for use within such State and by such agency for programs described in such sections during the fiscal year ending June 30, 1974.".

SPECIAL EMPHASIS PROGRAMS

SEC. 10. (a) Section 222(a) of the Economic Opportunity Act of 1964 is amended by inserting after paragraph (11) the following:

"(12) A program to be known as 'Emergency Energy Conservation Services' designed to enable low-income individuals and families, including the elderly and the near poor, to participate in energy conservation programs designed to lessen the impact of the high cost of energy on such individuals and families and to reduce individual and family energy consumption. The Director is authorized to provide financial and other assistance for programs and activities, including, but not limited to, an energy conservation and education program; winterization of old or substandard dwellings, improved space conditioning, and insulation; emergency loans, grants, and revolving funds to install energy conservation technologies and to deal with increased housing expenses relating to the energy crisis; alternative fuel supplies, special fuel voucher or stamp programs; alternative transportation activities designed to save fuel and assure continued access to training, education, and employment; outreach efforts, including the establishment of energy crisis centers; furnishing personnel to act as coordinators, providing legal or technical assistance, or otherwise representing the interests of the poor in efforts relating to the energy crisis; nutrition, health, and other supportive services in emergency cases; and evaluation of programs and activities under this paragraph. Such assistance may be provided as a supplement to any other assistance extended under the provisions of this Act or under other provisions of Federal law. The Director, the Secretary of Health, Education, and Welfare, the Secretary of Labor, the Secretary of Housing and Urban Development, the Director of ACTION, and the Administrator of the Federal Energy Office shall establish procedures and take other appropriate action necessary to insure that the effects of the energy crisis on low-income persons, the elderly, and the near poor are taken into account in the formulation and administration of programs relating to the energy crisis.

"(13) A program to be known as 'Summer Youth Recreation' designed to provide recreational opportunities for low-income children during the summer months. Funds made available for this section shall be allocated by the Director, after consultation with the Secretary of Labor, among prime sponsors and other agencies designated under title I of the Comprehensive Employment and Training Act of 1973 on the basis of (1) the relative number of public assistance recipients in the area served by such prime sponsor or agency, as compared to the Nation; (2) the relative number of unemployed persons in such area as compared with the Nation; and (3) the relative number of related children living with families with incomes below the poverty line in such area, as compared to the Nation. That part of any allotment which the Director determines will not be needed may be reallotted, at such dates during the fiscal year as the Director may fix, to the extent feasible, in proportion to the original allotments. In making allocations under this section, the Director shall insure, to the maximum extent possible, that for the program commencing in the fiscal year ending June 30, 1975, and for the program in each succeeding fiscal year, no prime sponsor or other designated agency shall receive an amount less than the amount received for such programs during the fiscal year ending June 30, 1973, or the fiscal year ending June 30, 1974, whichever is higher.

"(14) A program to be known as the 'Urban Housing Demonstration Program' under which the Director may provide financial assistance for demonstration projects conducted by appropriate nonprofit organizations to encourage and assist low-income families living in neighborhoods characterized by abandonment and deteriorating residential housing to maintain and upgrade existing substantial residential housing in such neighborhoods. Such projects may include financial assistance in the form of grants and loans for administrative expenses and to defray costs of repair and moderate rehabilitation, for tenant organization and counseling, management and maintenance services, and for encouragement of homeownership by low-income families. For the purpose of this paragraph private nonprofit organizations include, subject to such guidelines as the Director may establish, associations of tenants in rented housing facilities which otherwise qualify for assistance under this section. The Director, after consultation with the Secretary of Housing and Urban Development, shall take all appropriate steps to insure coordination of programs under this section with those conducted under the Housing and Community Development Act of 1974 and related legislation."

(b) Paragraph (7) of section 222(a) of such Act (relating to the "Senior Opportunities and Services" program) is amended by adding at the end thereof the following: "In carrying out this section, the Director is authorized to make grants to institutions of higher education, public and private nonprofit agencies and organizations to train paraprofessional and other appropriate individuals to provide counseling, administrative representation, information, and referral services, and assist the elderly in obtaining public benefits and entitlements, including the payment of stipends for participants in training programs which he determines to be consistent with prevailing practices under comparable federally supported programs; to develop, test, and disseminate training materials and curriculum relevant to such programs; and to establish and strengthen programs for paraprofessional persons to provide counseling, representation, information, and referral services."

(c) Section 227 of such Act is amended as follows: (1) the heading above such section is amended to read "NATIONAL SUMMER YOUTH SPORTS PROGRAM"; and (2) subsection (a) of such section is amended by striking out "an annual youth recreation and sports program" and inserting in lieu thereof "national summer youth sports program".

COMMUNITY ECONOMIC DEVELOPMENT

SEC. 11. (a) Title VII of the Economic Opportunity Act of 1964 is amended to read as follows:

"TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

"STATEMENT OF PURPOSE

"SEC. 701. The purpose of this title is to encourage the development of special programs by which the residents of urban and rural low-income areas may, through self-help and mobilization of the community at large, with appropriate Federal assistance, improve the quality of their economic and social participation in community life in such a way as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits.

"DEFINITIONS

"Sec. 702. As used in this title—

"(1) the term 'Resources Committee' means the Community Economic Development Resources Committee established under section 749;

"(2) the term 'community development corporation' means a nonprofit organization responsible to residents of the area it serves which is receiving financial assistance under part A of this title and any organization more than 50 per centum of which is owned by such an organization, or otherwise controlled by such an organization, or designated by such an organization for the purpose of this title;

"(3) the term 'local cooperative association' means an organization which is receiving financial assistance under part B of this title or any organization more than 50 per centum of which is owned or otherwise controlled by such an organization, or designated by such an organization for the purpose of this title; and

"(4) the term 'State' means the States of the United States, the District of Columbia, the Commonwealth of Puero Rico, and each of the territories and possessions of the United States.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 703. For the purpose of carrying out this title, there are authorized to be appropriated $84,000,000 for fiscal year 1975, and such sums as may be necessary for each of the two succeeding fiscal years.

"PART A—URBAN AND RURAL SPECIAL IMPACT PROGRAMS

"STATEMENT OF PURPOSE

"SEC. 711. The purpose of this part is to establish special programs of assistance to nonprofit private locally initiated community development corporations which (1) are directed to the solution of the critical problems existing in particular communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) within those urban and rural areas having concentrations or substantial numbers of low-income persons; (2) are of sufficient size, scope, and duration to have an appreciable impact in such communities, neighborhoods, and rural areas in arresting tendencies toward dependency, chronic unemployment, and community deterioration; (3) hold forth the prospect of continuing to have such impact after the termination of financial assistance under this part, and (4) provide financial and other assistance to start, expand, or locate enterprises in or near the area to be served so as to provide employment and ownership opportunities for residents of such areas, including those who are disadvantaged in the labor market because of their limited speaking, reading, and writing abilities in the English language.

"ESTABLISHMENT AND SCOPE OF PROGRAMS

"SEC. 712. (a) The Director is authorized to provide financial assistance in the form of grants to nonprofit and for profit community development corporations and other affiliated and supportive agencies and organizations associated with qualifying community development corporations for the payment of all or part of the cost of programs which are designed to carry out the purposes of this part. Financial assistance shall be provided so that each community economic development program is of sufficient size, scope, and duration to have an appreciable impact on the area served. Such programs may include—

"(1) community economic and business development programs, including but not limited to: (A) programs which provide financial and other assistance (including equity capital) to start, expand, or locate businesses in or near the area served so as to provide employment and ownership opportunities for residents of such areas, and (B) programs for small businesses located in or owned by residents of such areas;

"(2) community development including industrial parks and housing activities which contribute to an improved environment and which create new training, employment, and ownership opportunities for residents of such area;

"(3) training and public service employment programs and related services for unemployed or low-income persons which support and complement community development programs financed under this part, including, without limitation, activities such as those described in the Comprehensive Employment and Training Act of 1973; and

"(4) social service programs which support and complement community economic development programs financed under this part, including but not limited to child care, educational services, health services, credit counseling, energy conservation, and programs for the maintenance of housing facilities.

"(b) The Director shall conduct programs assisted under this part so as to contribute, on an equitable basis between urban and rural areas, to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

"FINANCIAL-ASSISTANCE REQUIREMENTS

"SEC. 713. (a) The Director, under such regulations as he may establish, shall not provide financial assistance for any community economic development program under this part unless he determines that—

"(1) such community development corporation is responsible to residents of the area served (i) through a governing body not less than 50 per centum of the members of which are area residents and (ii) in accordance with such other guidelines as may be established by the Director, except that the composition of the governing bodies of organizations owned or controlled by the community development corporation need not be subject to such residency requirement;

"(2) the program will be appropriately coordinated with local planning under this title, with housing and community development programs, with employment and training programs, and with other relevant planning for physical and human resources in the areas served;

"(3) adequate technical assistance is made available and committed to the programs being supported;

"(4) such financial assistance will materially further the purposes of this part;

"(5) the applicant is fulfilling or will fulfill a need for services, supplies, or facilities which is otherwise not being met;

"(6) all projects and related facilities will, to the maximum feasible extent, be located in the areas served;

"(7) projects will, where feasible, promote the development of entrepreneurial and management skills and the ownership or participation in ownership of assisted businesses and housing, cooperatively or otherwise, by residents of the area served;

"(8) projects will be planned and carried out with the fullest possible participation of residents or local businessmen and representatives of financial institutions, including participation through contract, joint venture, partnership, stock ownership or membership on the governing boards or advisory councils of such projects consistent with the self-help purposes of this title;

"(9) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

"(10) the program will not result in the displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal or other funds in connection with work that would otherwise be performed;

"(11) the rates of pay for time spent in work-training and education, and other conditions of employment, will be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant;

"(12) the program will, to the maximum extent feasible, contribute to the occupational development or upward mobility of individual participants;

"(13) preference will be given to low-income or economically disadvantaged residents of the areas served in filling jobs and training opportunities; and

"(14) training programs carried out in connection with projects financed under this part shall be designed wherever feasible to provide those persons who successfully complete such training with skills which are also in demand in communities, neighborhoods, or rural areas other than those for which programs are established under this part.

"(b) The level of financial assistance for related purposes under this Act, or any other program for Federal financial assistance, to the area served by a special impact program shall not be diminished in order to substitute funds authorized by this part.

"FEDERAL SHARE OF PROGRAM COSTS

"SEC. 714. Federal assistance to any program carried out pursuant to this part, including grants used by community development corporations for capital improvements, shall (1) not exceed 90 per centum of the cost of such program including costs of administration unless the Director determines that the assistance in excess of such percentage is required in furtherance of the purposes of this part, and (2) be made available for deposit to the order of the grantee, under conditions which the Director deems appropriate, within thirty days following approval of the grant agreement by the Director and such grantee of the grant agreement. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. Capital investments made with funds granted as a result of the Federal share of the costs of programs carried out under this title, and the proceeds from such capital investments, shall not be considered Federal property. Upon investment, title rights vest in the community development corporation. The Federal Government retains the right to direct that on severance of the grant relationship the assets purchased continue to be used for the original purpose for which they were granted.

"PART B—SPECIAL RURAL PROGRAMS

"STATEMENT OF PURPOSE

"SEC. 721. It is the purpose of this part to meet the special economic needs of rural communities or areas with concentrations or substantial numbers of low-income persons by providing support to self-help programs which promote economic development and independence, as a supplement to existing similar programs conducted by other departments and agencies of the Federal Government. Such programs should encourage low-income families to pool their talents and resources so as to create and expand rural economic enterprise.

"FINANCIAL ASSISTANCE

"SEC. 722. (a) The Director is authorized to provide financial assistance, including loans having a maximum maturity of 15 years and in amounts not resulting in an aggregate principal indebtedness of more than $3,500 at any one time, to any low-income rural family where, in the judgment of the Director, such financial assistance has a reasonable possibility of effecting a permanent increase in the income of such families, or will contribute to the improvement of their living or housing conditions, by assisting or permitting them to—

"(1) acquire or improve real estate or reduce encumbrances or erect improvements thereon;

"(2) operate or improve the operation of farms not larger than family sized, including but not limited to the purchase of feed, seed, fertilizer, livestock, poultry, and equipment; or

"(3) participate in cooperative associations, or to finance nonagricultural enterprises which will enable such families to supplement their income.

"(b) The Director is authorized to provide financial assistance to local cooperative associations in rural areas containing concentrations or substantial numbers of low-income persons for the purpose of defraying all or part of the costs of establishing and operating cooperative programs for farming, purchasing, marketing, processing, and to improve their income as producers and their purchasing power as consumers, and to provide such essentials as credit and health services. Costs which may be defrayed shall include but not be limited to—

"(1) administrative costs of staff and overhead;

"(2) costs of planning and developing new enterprises;

"(3) costs of acquiring technical assistance; and

"(4) initial capital where it is determined by the Director that the poverty of the families participating in the program and the social conditions of the rural area require such assistance.

"LIMITATION ON ASSISTANCE

"SEC. 723. (a) No financial assistance shall be provided under this part unless the Director determines that—

"(1) any cooperative association receiving assistance has a minimum of fifteen active members, a majority of which are low-income rural persons;

"(2) adequate technical assistance is made available and committed to the programs being supported;

"(3) such financial assistance will materially further the purposes of this part; and

"(4) the applicant is fulfilling or will fulfill a need for services, supplies, or facilities which is otherwise not being met.

"(b) The level of financial assistance for related purposes under this Act to the area served by a program under this part shall not be diminished in order to substitute funds authorized by this part.

"PART C—DEVELOPMENT LOANS TO COMMUNITY ECONOMIC DEVELOPMENT PROGRAMS

"DEVELOPMENT LOAN FUND

"SEC. 731. (a) The Director is authorized to make or guarantee loans (either directly or in cooperation with banks or other organizations through agreements to participate on an immediate or deferred basis) to community development corporations, and families and local cooperatives eligible for financial assistance under this title, for business, housing, and community development projects which the Director determines will carry out the purposes of this part. No loans, guarantees, or other financial assistance shall be provided under this section unless the Director determines that—

"(1) there is reasonable assurance of repayment of the loan;

"(2) the loan is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs; and

"(3) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made.

Loans made by the Director pursuant to this section shall bear the interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus such additional charge if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes, except that, for the five years following the date in which funds are initially available to the borrower, the rate of interest shall be set at a rate considered appropriate by the Director in light of the particular needs of the borrower which rate shall not be lower than 1 per centum. All such loans shall be repayable within a period of not more than thirty years.

"(b) The Director is authorized to adjust interest rates, grant moratoriums on repayment of principal and interest, collect or compromise any obligations held by him, and to take such other actions in respect to such loans as he shall determine to be necessary or appropriate, consistent with the purposes of this section.

"(c) (1) To carry out the lending and guaranty functions authorized under this part, there shall be established a Development Loan Fund consisting of two separate accounts, one of which shall be a revolving fund called the Rural Development Loan Fund and the other of which shall be a revolving fund called the Community Development Loan Fund. The capital of each such revolving fund shall remain available until expended.

"(2) The Rural Development Loan Fund shall consist of such amounts as may be deposited in such Fund by the Director out of funds made available from appropriations for the purposes of carrying out this part.

"(3) The Community Development Loan Fund shall consist of such amounts as may be deposited in such fund by the Director out of funds made available from appropriations for the purpose of carrying out this part.

"ESTABLISHMENT OF MODEL COMMUNITY ECONOMIC DEVELOPMENT FINANCE CORPORATION

"SEC. 732. (a) To the extent he deems appropriate, the Director shall utilize funds available under this part to prepare a plan of action for the establishment of a Model Community Economic Development Finance Corporation to provide a user-controlled independent and professionally operated long-term financing vehicle with the principal purpose of providing financial support for community economic development corporations, cooperatives, other affiliated and supportive agencies and organizations associated with community economic development cooperations, and other entities eligible for assistance under this title.

"(b) In implementing this section, the Director shall insure that the Model Community Economic Development Finance Corporation plan provides for the establishment of the Corporation in such a way that—

"(1) representatives of Community Development Corporations shall make up the majority of the governing body;

"(2) community development corporations may eventually purchase up to a 100 per centum interest in the Model Community Economic Development Finance Corporation;

"(3) a portion of the moneys made available under parts A and B of this title may be utilized by community development corporations to purchase an interest in the Model Community Economic Development Finance Corporation; and

"(4) Funds made available under part C of this title may be utilized by community development corporations to purchase an interest in the Model Community Economic Development Finance Corporation.

"(c) In addition to meeting the requirements of subsection (b), the Director shall, in preparing the plan, consider and make recommendations with respect to the following elements:

"(1) the amount and method of initial capitalization taking into consideration capitalization and operational techniques such as those utilized by the Reconstruction Finance Corporation, the Federal Home Loan Bank System, the Federal National Mortgage Association, and Farm Credit Board under the Federal Farm Loan Act;

"(2) the guarantee of and use of public funds through the issuance of notes, debentures, bonds, and such other obligations as deemed necessary;

"(3) the role of the Secretary of the Treasury in the initial capitalization and subsequent issuance of notes, debentures, bonds, and such other obligations as deemed necessary;

"(4) the nature of obligations issued with respect to acceptance as security for fiduciary, trust, and public funds;

"(5) the use of firms, organizations, corporations, and individuals indigenous to the areas served under this title;

"(6) the tax status of real and personal property to be owned by the Model Community Economic Development Finance Corporation;

"(7) the terms, including the interest rate, time limitation, fees and commissions, and security required for loans and guarantees and other obligations to be issued by the Model Community Economic Development Finance Corporation;

"(8) the tax status of interest-bearing obligations to be issued by the Model Community Economic Development Finance Corporation;

"(9) after consultation with the Resources Board the use of information services, facilities, officers, and employees of Federal agencies and departments of the Federal Government; and

"(10) the extent to which the Model Community Economic Development Finance Corporation shall be a depository of public money and a financial agent of the United States Government.

"(d) Not later than June 1, 1975, the Director shall submit to the appropriate committees of the Congress and to the National Commission established under section 750 the plan required by this section.

"PART D—SUPPORTIVE PROGRAMS AND ACTIVITIES

"TRAINING AND TECHNICAL ASSISTANCE

"SEC. 741. (a) The Director shall provide, directly or through grants, contracts, or other arrangements, such technical assistance and training of personnel as may be required to effectively implement the purposes of this title. No financial assistance shall be provided to any public or private organization under this section unless the Director provides the beneficiaries of these services with opportunity to participate in the selection of and to review the quality and utility of the services furnished them by such organization.

"(b) Technical assistance to community development corporations and both urban and rural cooperatives may inlude planning, management, legal preparation of feasibility studies, product development, marketing, and the provision of stipends to encourage skilled professionals to engage in full-time activities under the direction of a community organization financially assisted under this title.

"(c) Training for employees of community development corporations and for employees and members of urban and rural cooperatives shall include, but not be limited to, on-the-job training, classroom instruction, and scholarships to assist them in development, managerial, entrepreneurial, planning, and other technical and organizational skills which will contribute to the effectiveness of programs assisted under this subchapter.

"SMALL BUSINESS ADMINISTRATION PROGRAMS

"SEC. 742. Funds granted under this title which are invested, directly or indirectly, in a small business investment company, limited small business investment company, or a local development company, shall be deemed to be 'private paid-in capital and paid-in surplus,' 'combined paid-in capital and paid-in surplus,' and 'paid-in capital' for purposes of sections 302, 303, and 502, respectively, of the Small Business Investment Act of 1958, as amended.

"ECONOMIC DEVELOPMENT ADMINISTRATION PROGRAMS

"SEC. 743. Areas selected for assistance under this title shall be deemed 'redevelopment areas' within the meaning of section 401 of the Public Works and Economic Development Act of 1965, shall qualify for assistance under the provisions of title I and title II of such Act, and shall be deemed to have met the overall economic development program requirements of section 202(b)(10) of such Act.

"DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS

"SEC. 744. (a) The Secretary of Housing and Urban Development, after consultation with the Director, shall take all necessary

steps to assist community development corporations and local cooperative associations to qualify for and receive (1) such assistance in connection with technical assistance, counseling to tenants and homeowners, and loans to sponsors of low- and moderate-income housing under section 106 of the Housing and Urban Development Act of 1968 as amended by section 811 of the Housing and Community Development Act of 1974, (2) such land for housing and business location and expansion under title I of the Housing and Community Development Act of 1974, and (3) such funds for comprehensive planning under section 701 of the Housing Act of 1954 as amended by section 401 of the Housing and Community Development Act of 1974, as shall further the purposes of this Act.

"(b) The Director, after consultation with the Secretary of Housing and Urban Development, shall take all appropriate steps to encourage State and local governments to provide financial and technical assistance to, and generally support and cooperate with, community development corporations, local cooperative associations, and other grantees under this title.

"DEPARTMENT OF AGRICULTURE AND FARMERS HOME ADMINISTRATION PROGRAMS

"SEC. 745. The Secretary of Agriculture or, where appropriate, the Administrator of the Farmers Home Administration, after consultation with the Director, shall take all necessary steps to insure that community development corporations and local cooperative associations shall qualify for and shall receive (1) such assistance in connection with housing development under the Housing Act of 1949, (2) such assistance in connection with housing, business, industrial, and community development under the Consolidated Farmers Home Administration Act of 1961 and the Rural Development Act of 1972, and (3) such further assistance under all such programs of the United States Department of Agriculture, as shall further the purpose of this title.

"COORDINATION AND COOPERATION

"SEC. 746. (a) The Director, after consultation with the Resources Committee and in coordination and cooperation with the heads of other Federal departments and agencies, shall take such steps as may be necessary and appropriate to insure that the purposes of sections 742 through 745 are met and that contracts, subcontracts, and deposits made by the Federal Government or in connection with programs aided with Federal funds are placed in such a way as to further the purposes of this title.

"(b) The Director shall take all necessary and appropriate steps to encourage State and local governments to make grants, provide technical assistance, enter into contracts, and generally support and cooperate with community development corporations and local cooperative associations.

"(c) Eligibility for assistance under programs enumerated in this section shall not be denied to any applicant on the ground that it is a community development corporation, a local cooperative association, or a for-profit, non-profit, or cooperative entity under State law.

"(d) Any funds approved as a grant to a community development corporation or a local cooperative association pursuant to the provisions of this title, and any assets or services required with such funds, shall be deemed non-Federal for the purpose of any programs referred to in this title which may require a non-Federal contribution.

"EVALUATION AND RESEARCH

"SEC. 747. (a) Each program for which grants are made under this title shall provide for a thorough evaluation of the effectiveness of the program in achieving its purposes, which evaluation shall be conducted by such public or private organizations as the Director, in consultation with existing grantees familiar with programs carried out under this Act, may designate, and all or part of the costs of evaluation may be paid from funds appropriated to carry out this part. In evaluating the performance of any community development corporation funded under part A of this title, the criteria for evaluation shall be based upon such program objectives, goals, and priorities as are consistent with the purposes of this title and were set forth by such community development corporation in its proposal for funding as approved and agreed upon by the Director or as subsequently modified from time to time by mutual agreement between the Director and such community development corporation.

"(b) The Director shall conduct, either directly or through grants or other arrangements, research designed to suggest new programs and policies to achieve the purposes of this title in such ways as to provide opportunities for employment, ownership, and a better quality of life for low-income residents.

"PLANNING GRANTS

"SEC. 748. In order to facilitate the purposes of this title, the Director is authorized to provide financial assistance to any public or private nonprofit agency or organization for planning of community economic development programs and cooperative programs under this title.

"COMMUNITY ECONOMIC DEVELOPMENT RESOURCES COMMITTEE

"SEC. 749. (a) In order to assure maximum utilization of the resources of all Federal agencies having responsibilities under this title, and other public and private agenices and organizations, there shall be established a Community Economic Development Resources Committee. The Committee shall be composed of seven members as follows:

"(1) the Director, who shall serve as Chairman;

"(2) the Secretary of Commerce or his representative;

"(3) the Secretary of Agriculture or his representative;

"(4) the Secretary of Labor or his representative;

"(5) the Secretary of Health, Education, and Welfare or his representative;

"(6) the Secretary of Housing and Urban Development or his representative; and

"(7) the Administrator of the Small Business Administration or his representative.

"(b) The Resources Committee shall develop on a continuing basis, plans and procedures to the maximum extent for cooperative efforts of Federal agencies required to provide assistance under section 742, 743, 744, 754, and 746, of this Act, and submit to the Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor, and to the National Commission on Community Economic Development established under section 750, not later than June 1, 1975, a report on the plans and procedures established and resources expected therefrom.

"(c) A majority of the membership of the Resources Committee shall constitute a quorum for the purpose of conducting business.

"SPECIAL REVIEW OF COMMUNITY ECONOMIC DEVELOPMENT

"SEC. 750. (a) (1) There shall be established a National Commission on Community Economic Development (referred to in this section as the 'Commission'). Upon the submission of its final report required by subsection (c) of this section, the Commission shall cease to exist.

"(2) The Commission shall be composed of the following individuals:

"(A) Two Members of the Senate who shall be members of different political parties and shall be appointed by the President pro tempore of the Senate:

"(B) Two Members of the House of Representatives who shall be members of different political parties and shall be appointed by the Speaker of the House of Representatives; and

"(C) Nine individuals who shall be appointed by the President not later than sixty days after the date of enactment of this Act, of whom five shall be appointed from among individuals who are experienced in the operation of community economic development programs, cooperatives, and other similar programs conducted under this title, and of whom four shall be appointed from among individuals who are representative of management, labor, the financial community, and State and local government. No more than five of the members appointed under this paragraph shall be members of the same political party.

"(3) The President shall designate one of the members to serve as Chairman and one to serve as Vice Chairman of the Commission.

"(4) A majority of the membership of the Commission shall constitute a quorum for the purpose of conducting business, but a lesser number may conduct hearings.

"(5) The terms of office of the appointive members of the Commission shall expire after submission of the final report.

"(6) Members appointed under clause (C) of paragraph (2) of this subsection may, while serving on the business of the Commission, be entitled to receive compensation at rates fixed by the President but not exceeding the rate prescribed for GS-18 of the General Schedule under section 5332 of title 5, United States Code, including traveltime; and while so serving away from their homes or regular places of business, such members may be allowed travel expenses, including per diem in lieu of subsistence.

"(b) The Commission shall be responsible for conducting a study, which study shall include—

"(1) a consideration of an appropriate administrative agency for carrying out community economic development programs in the future, including consideration of the establishment of an independent agency to administer such programs and to conduct and coordinate a system of making financial assistance and credit available to community economic development corporation and cooperatives assisted under this title;

"(2) a review of the extent to which programs and activities conducted under this title meet the overall need in the Nation for community economic development programs;

"(3) a review of the resources available to meet such needs;

"(4) a review of the adequacy of plans and procedures established by the Resources Committee pursuant to section 749 of this title; and

"(5) a review of the plan submitted by the Director pursuant to section 732 of this title.

"(c) Not later than June 30, 1975, the Commission shall submit a final report to the President and to the Congress on the results of the study authorized by this section, together with such findings and recommendations, including recommendations for legislation as it deems appropriate.

"(d) The Director shall provide the Commission with necessary administrative services (including those related to budgeting, accounting, financial reporting, personnel, and procurement) for which payment shall be made in advance, or by reimbursement, from funds of the Commission and such amounts as may be agreed upon by the Commission and the Director.

"(e) In carrying out the provisions of this section, the Commission is authorized to—

"(1) enter into contracts with institutions of postsecondary education and other appropriate individuals, public agencies, and private organizations;

"(2) appoint and fix the compensation of such personnel as may be necessary;

"(3) employ experts and consultants in accordance with section 3100 of title 5, United States Code;

"(4) utilize, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement; and

"(5) consult with the heads of such Federal agencies as it deems appropriate.

"(f)(1) The Commission is further authorized to conduct such hearings at such times and places as it deems appropriate for carrying out the purposes of this section.

"(2) The heads of all Federal agencies are, to the extent not prohibited by law, directed to cooperate with the Commission in carrying out this section.

"NONDISCRIMINATION PROVISIONS

"SEC. 751. (a) The Director shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

"(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with, any program, project, or activity receiving assistance under this title."

ESTABLISHMENT OF COMMUNITY SERVICES ADMINISTRATION

SEC. 12. (a) Effective October 1, 1975, section 601 of the Economic Opportunity Act of 1964 is amended to read as follows:

"COMMUNITY SERVICES ADMINISTRATION

"SEC. 601. There is established within the executive branch an agency known as the 'Community Services Administration' (referred to in this Act as the 'Administration') which shall be headed by a Director (referred to in this Act as the 'Director'), which shall be the successor authority to the Office of Economic Opportunity. The Director, Deputy Director, and Assistant Directors of the Administration shall be appointed by the President by and with the advice and consent of the Senate. The Director shall be compensated at a rate not less than that of level IV of the Executive Schedule specified in section 5316 of title V, United States Code."

(b) Unless a reorganization plan pursuant to subsection (c) of this section is effective on October 1, 1975, the Community Services Administration shall be an independent agency; and such Administration shall have the responsibility for carrying out titles II, III-B, VI, VII, VIII, IX, and XI of the Economic Opportunity Act of 1964. The functions of the Director with respect to carrying out sections 221 and 235 and titles III-B, VI, VII, IX, and XI of such Act shall not be delegated to any other officer not directly responsible, both with respect to program operation and administration, to the Director.

(c)(1) After June 30, 1975, the President may submit to the Congress a reorganization plan which, subject to the provisions of paragraph (2) of this subsection and the other provisions of this Act, shall take effect if such reorganization plan is not disapproved by resolution of either House of Congress, in accordance with the procedures established with respect to reorganization plans by chapter 9 of title 5, United States Code, except to the extent otherwise provided in this Act.

(2) A reorganization plan submitted in accordance with the provisions of paragraph (1) shall provide—

(A)(1) for establishing, within the Department of Health, Education, and Welfare, the Community Services Administration provided for in section 601 of the Economic Opportunity Act of 1964 (as amended by this Act) and for transferring thereto the Office of Economic Opportunity (or successor authority under subsection (c) of this section); (ii) for delegating to the Community Services Administration any other functions, including carrying out other provisions of this Act for which the Secretary of Health, Education, and Welfare is responsible, as may be assigned to such Administration by the Secretary; (iii) that the Director of the Community Services Administration shall, in the performance of his functions, be directly responsible to the Secretary of Health, Education, and Welfare, and shall not be subject to the supervision or control of any officer or employee, other than the Secretary or Under Secretary of Health, Education, and Welfare; and (iv) that the Community Services Administration shall be the principal agency, and the Director thereof shall be the principal officer, for carrying out titles II, III-B, VI, VIII, IX and XI of the Economic Opportunity Act of 1964, and that the functions of the Director thereof with respect to carrying out sections 221 and 235 and titles III-B, VI, IX, and XI of such Act shall not be delegated to any other officer not directly responsible, both with respect to program operation and administration, to the Director;

(B) for the transfer to the Secretary of Commerce of the responsibility for administering title VII of the Economic Opportunity Act of 1964; but such transfer may be made only if there is established within the Department of Commerce a separate Community Economic Development Administration for the purpose of carrying out title VII of such Act, which Administration shall be headed by an Assistant Secretary for Community Economic Development, appointed by the President by and with the advice and consent of the Senate, who shall serve as Director of such Administration and who shall, in the performance of his functions, be directly responsible to the Secretary of Commerce, and shall not be subject to the supervision or control of any officer or employee, other than the Secretary or Under Secretary of Commerce; and

(C) for an effective date for the transfers authorized under subparagraphs (A) and (B), which shall not be earlier than the expiration of 30 days after the last date on which such reorganization plan could be disapproved by either House of Congress.

(d) Section 28 of the Economic Opportunity Amendments of 1972 (86 Stat. 705, September 19, 1972) is repealed, effective October 1, 1975.

(e) To further the purposes of this Act and the Economic Opportunity Act as amended by this Act, the regional directors of the Community Services Administration shall serve on the ten Federal Regional Councils with rights equal to those of regional directors for other Federal agencies.

(f) Effective October 1, 1975, the Economic Opportunity Act of 1964 is further amended by—

(1) striking out "Office of Economic Opportunity" and "Office" each time that they appear in section 602(d) and inserting in lieu thereof "Community Services Administration";

(2) striking out "Office of Economic Opportunity" in section 603(c) and inserting in lieu thereof "Community Services Administration";

(3) striking out "in the Office" in section 605(a) and inserting in lieu thereof "in the Community Service Administration";

(4) striking out "Office of Economic Opportunity" in section 632(2) and inserting in lieu thereof "Community Services Administration"; and

(5) striking out "of the Office of Economic Opportunity" in section 637(b)(2), and inserting in lieu thereof "of the Community Services Administration".

TRANSFER OF FUNCTIONS OF OFFICE OF ECONOMIC OPPORTUNITY

SEC. 13. (a) Paragraphs (1) and (2) of section 222(a) of the Economic Opportunity Act of 1964 are repealed, effective July 1, 1975.

(b) Effective October 1, 1975, the property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with the functions of the Director of the Office of Economic Opportunity shall be transferred to the Director of the Community Services Administration, All grants, applications for grants, contracts, and other agreements awarded or entered into by the Director of the Office of Economic Opportunity under the authority of the Economic Opportunity Act of 1964 shall continue to be recognized so that there is no disruption of ongoing activities for which there is continuing authority.

(c) Effective October 1, 1975, all Federal personnel, employed by the Office of Economic Opportunity under the authorization and appropriations for the Economic Opportunity Act of 1964 shall be transferred to, and, to the extent feasible, assigned to related functions and organizational units in the Community Services Administration, without loss of salary, rank, or other benefits, including the right to representation and to existing collective bargaining agreements.

(d) All official actions taken by the Director of the Office of Economic Opportunity, his designee, or any other person under the authority of the Economic Opportunity Act of 1964 which are in force on September 30, 1975, and for which there is continuing authority under the provisions of this Act, shall continue in full force and effect until modified, superseded, or revoked by the Director of the Community Services Administration.

(e) All references to the Office of Economic Opportunity, or to the Director of the Office of Economic Opportunity, in any statute, reorganization plan, executive order regulation, or other official document or proceeding shall, on and after October 1, 1975, be deemed to refer to the Community Services Administration, or to the Director thereof as the case may be.

(f) No suit, action, or other proceeding, and no cause of action, by or against the agency known as the Office of Economic Opportunity, or any action by any officer thereof acting in his official capacity, shall abate by reason of the enactment of this Act.

(g) Persons appointed by the President, by and with the advice and consent of the Senate, to positions in the Office of Economic Opportunity, requiring appointment by and with such advice and consent, may continue to serve in comparable positions in an acting capacity in the Community Services Ad-

ministration; but the President shall submit names for appointment to positions in the Community Services Administration, requiring the advice and consent of the Senate, within ninety days of continuous session of Congress after the establishment of such Administration.

ELIGIBILITY FOR PROGRAMS

SEC. 14. Section 625 of the Economic Opportunity Act of 1964 is amended to read as follows:

"CRITERIA FOR DETERMINING ELIGIBILITY

"SEC. 625. (a) Every agency administering programs authorized by this Act in which the poverty line is a criterion of eligibility shall revise the poverty line at annual intervals, or at any shorter interval it deems feasible and desirable.

"(b) The revision required by subsection (a) of this section shall be accomplished by multiplying the official poverty line (as defined by the Office of Management and Budget) by the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the revision is made.

"(c) Revisions required by subsection (a) of this section shall be made and issued not more than thirty days after the date on which the necessary consumer price index data becomes available.

"(d) In applying the poverty line to families as a criterion for eligibility in programs authorized by this Act, the family unit shall not be defined so as to include income earned by individuals who are eighteen years of age or older other than the parents heading the household.

"(e) Each agency administering programs for the disadvantaged authorized by this Act shall include among the disadvantaged those persons who suffer in the labor market because of their limited speaking, reading, and writing abilities in the English language."

EXTENSION OF PROGRAM AUTHORITY

SEC. 15. (a) Sections 245, 321, and 615 of the Economic Opportunity Act of 1964, are each amended by striking out "eight succeeding fiscal years" and inserting in lieu thereof "eleven succeeding fiscal years.

(b) Section 523 of such Act (redesignated as section 573 by section 3(c) of this Act) is amended by striking out "seven succeeding fiscal years" and inserting in lieu thereof "ten succeeding fiscal years."

AUTHORIZATION OF APPROPRIATIONS

SEC. 16. (a) For the purpose of carrying out title II, title III, title V, title VI, title VII, title VIII, title IX, and title XI of the Economic Opportunity Act of 1964, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1975 through 1977.

(b) Unless the Congress has passed or formally rejected legislation extending the authorizations of appropriations for carrying out any title of the Economic Opportunity Act of 1964 specified in subsection (a) of this section, or adopts a concurrent resolution providing that the provisions of this subsection shall not apply, the authorizations of appropriations specified in subsection (a) are hereby automatically extended for one additional fiscal year beyond the terminal year specified therein.

EFFECTIVE DATE

SEC. 17. Except as otherwise provided, the provisions of this Act shall take effect on the date of enactment of this Act.

Mr. ROBERT C. BYRD. Mr. President, does the cloture motion apply to the amendment in the nature of a substitute?

The PRESIDING OFFICER. It applies to the bill.

Mr. ROBERT C. BYRD. And thus, the substitute is covered, is that correct?

The PRESIDING OFFICER. It therefore applies to everything attendant thereupon.

Mr. ROBERT C. BYRD. Will the Senator yield to me briefly?

Mr. NELSON. I yield.

Mr. ROBERT C. BYRD. Is my understanding correct that Senator HELMS and other Senators on his side of the aisle, and Senator NELSON and Senator JAVITS would be agreeable to a vote on cloture on Wednesday next at approximately 4:15 p.m., with the hour for debate on cloture to begin running at 3 o'clock p.m. on that date?

Mr. HELMS. Mr. President, that is perfectly acceptable to the Senator from North Carolina. I thank the distinguished assistant majority leader.

Mr. ROBERT C. BYRD. Then, Mr. President, I make that request.

Mr. JAVITS. Mr. President, the request is to vote on cloture at 4:15 on Wednesday?

Mr. ROBERT C. BYRD. At about 4:15.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. McCLURE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. As I understand the parliamentary situation, if this unanimous consent agreement is entered into, it would require unanimous consent to change the time for debate on the vote on cloture?

The PRESIDING OFFICER. The agreement has been entered into. The Senator is correct, with the change from Tuesday to Wednesday.

Mr. ROBERT C. BYRD. According to my understanding, the rule would make the following procedure occur: At 3 p.m. on next Wednesday, the 1 hour of debate under rule XXII on the motion to invoke cloture will begin running. Immediately after the 1 hour of debate, the rule would require the Chair to call the roll to establish the presence of a quorum. When a quorum is established, which would take about 15 minutes, the rollcall vote on the motion to invoke cloture would occur, which is mandatory.

So, in the absence of further change, the rollcall vote would occur circa 4:15 p.m. on Wednesday.

Mr. President, I thank the Senator from North Carolina, who is always cooperative and understanding. He is most diligent in protecting his rights, and does it in a fine way, which is not abrasive, and everyone appreciates the way he performs. I appreciate in this instance his cooperation so that we can reach an understanding.

Mr. HELMS. Mr. President, similarly I can say that no Member of the Senate has been kinder nor more cooperative to me than the distinguished Senator from West Virginia, and I am grateful to him for his confidence.

Mr. NELSON. Mr. President, S. 4178 is the Senate committee-reported bill to extend the Economic Opportunity Act programs. Its short title is the "Headstart, Economic Opportunity, and Community Partnership Act of 1974."

H.R. 14449—to transfer Economic Opportunity Act programs to HEW—passed the House by a vote of 331 to 53 on May 20, 1974.

The last rollcall vote on OEO legislation in the Senate was June 30, 1972, when the Economic Opportunity Amendments of 1972 passed by a vote of 75 to 13.

The Headstart, Economic Opportunity, and Community Partnership Act of 1974 (S. 4178) extends the authorization for antipoverty programs under the Economic Opportunity Act for 3 years—through fiscal year 1977. These programs include Headstart, Follow Through, Community Action, Senior Opportunities and Services, Emergency Food and Medical Services, Community Economic Development programs, and Native American programs.

The bill authorizes the appropriation of such sums as may be necessary to carry out such programs through fiscal year 1977.

The Office of Economic Opportunity itself would be continued until October 1, 1975. At any time after June 30, 1975, the President may submit a reorganization plan proposing to transfer community action and the other remaining OEO programs to the Department of Health, Education, and Welfare, except for the Community Economic Development program which would be transferred to the Department of Commerce.

In accord with reorganization plan procedures, either the House or the Senate could disapprove such a reorganization plan within 60 days of its transmittal. If the President did not submit a reorganization plan, or, if either House of Congress disapproved it, OEO would become the Community Services Administration, which would be an independent agency in the Federal Government.

The legislation extends the authorization for local initiative funding for community action programs.

The committee-reported bill would retain the 80 percent Federal share with respect to financial assistance to Community Action programs. This is the same as the current law's provision setting the Federal share at 80 percent of the program costs for community action programs.

In accord with the administration's request, the committee-reported bill consolidates the legislative authority for the Headstart and Follow Through programs within the Department of Health, Education, and Welfare, in recognition of the fact that operational responsibility for such programs has been in HEW for several years.

In addition, the bill includes titles relating to Native American programs and Research programs along the lines requested by the administration.

The legislation adds a new section authorizing a Community Partnership program of incentive grants to match to these funds made available by State and local governments for community action programs.

The pending legislation does not earmark funds for particular purposes. Instead it authorizes the appropriation of such sums as may be necessary—leaving to the appropriations process any specific earmarking. However, it does provide

that if funds appropriated for local Initiative Community Action in excess of $330 million, then half of any such excess amount should go to the new incentive program to match State and local contributions to community action activities.

COMMITTEE COMPROMISE

The committee-reported bill is a compromise between the views of those who support transferring OEO to HEW and those who support the continuation of a separate agency for antipoverty programs. The part of the legislation which involved the most difficult consideration was the question of where the Office of Economic Opportunity should be located organizationally.

At the present time, the Office of Economic Opportunity retains actual operational responsibility for local initiative community action programs, community economic development programs, senior opportunities and services, and emergency food and medical services. But most of the other programs initiated by the Office of Economic Opportunity have over the past several years been spun off under delegation arrangements to other departments and agencies of the Federal Government.

The bill which was passed by the House of Representatives earlier this session (H.R. 14449), provides for the programs which now remain under the administration of the Office of Economic Opportunity to be transferred to the Department of Health, Education, and Welfare, except for the community economic development program which the House-passed bill would transfer to the Department of Commerce.

The bill I introduced in the Senate (S. 3870) was similar to the House-passed bill in proposing to transfer the remaining OEO programs to HEW.

The other major bill was introduced by Senators JAVITS and KENNEDY (S. 3798). The Javits-Kennedy bill proposed creation of a new independent agency to replace the Office of Economic Opportunity as the Federal Government's antipoverty agency.

A large number of people around the Nation have urged the Congress to support the continuation of any agency within the Federal Government to serve as the focal point for antipoverty efforts.

Whether or not the Office of Economic Opportunity is established as a separate agency within HEW or remains as a separate agency, there should be no doubt that there is broadly felt need in this country to have a strong antipoverty agency.

Aside from the question of where the antipoverty agency should be located, the other major difference between the committee-reported bill and the House-passed bill is that the bill passed by the House reduces the Federal share for local initiative Community Action programs from 80 percent in fiscal year 1975, down to 70 percent in fiscal year 1976, and then to 60 percent in fiscal year 1977.

While the purpose of the House-passed phasing down of the Federal share is to encourage State and local contributions to community action programs, the impact upon hard-pressed State and local governments is to impose a severe fiscal impact at a time when the state of the economy is such as to make it particularly difficult for State and local governments to budget for new activities which they have not budgeted in the past.

To a limited extent, some State and local governments have devoted some funds to community action programs. The committee-reported bill contains a new community partnership program which seeks to encourage and reward those States and local governments which provide increased funding for community action activities in the future.

Under this new incentive program, funds would be provided to assist State and local governments which enter into arrangements with community action agencies to support activities and services in addition to those which have been provided by community action agencies. In other words, these activities would be supplemental to existing community action programs.

NEED TO CONTINUE THE ANTI-POVERTY PROGRAMS

The need for the anti-poverty programs authorized by the Economic Opportunity Act has been underscored by support from national leaders representing a variety of viewpoints. They insist that we not abandon programs that have demonstrated their effectiveness in reaching out to help solve the problems of the poor, and have urged that the Federal Government continue and strengthen these programs. The National Advisory Council on Economic Opportunity concluded that even in normal times federally funded anti-poverty programs are important in urban areas and indispensable in rural areas.

President Ford stated in his economic message to the Congress of October 8:

I know that low-income and middle-income Americans have been hardest hit by inflation. Their budgets are most vulnerable because a larger part of their income goes for the highly inflated costs of food, fuel and medical care.

Food, housing, and fuel costs, together constitute 82 percent of the increase in the cost of living. But they make up a 40 percent larger chunk of the budget of the low-income family than of the average family. For the poor, as well as for others, there is little relief in sight. As of the third quarter of 1974, the Wholesale Price Index was increasing at a 28.1 percent annual rate, and the price of industrial commodities has been rising at a rate of 20.3 percent, insuring higher prices for many necessary products into the foreseeable future.

Furthermore, the substitution effect that serves to cushion somewhat the blow of economic distress on middle-income families simply does not function below the poverty line. As HEW economist John Palmer said in a recent study on the effects of inflation:

The poor have little or no flexibility to adjust to job or real income losses: if the demand for unskilled labor slackens there are no lower-paying jobs for which they can compete. If the price of low-grade cuts of beef rises, there are no lower cuts to substitute.

COMMUNITY ACTION

Although community action programs were once highly controversial, they now enjoy wide acceptance and support from State and city officials and civic leaders from all sections of the country, reflecting political persuasions across the board, from conservative to liberal.

Community Action Agencies clearly perform a unique and essential function not only in providing services to the poor, but in reflecting the specific concerns of the communities they serve. Local participation and flexibility are the cornerstones of the Community Action program.

The Community Action program has been successful because it has been tailored to the unique needs of each local community. There are over 900 Community Action programs at the present time. A total of 95 of these Community Action programs are public agencies operating through the local government structure. Other Community Action Agencies are nonprofit private agencies which are governed by boards consisting of public representatives and community leaders.

Community Action Agencies have been effective in mobilizing other Federal and local resources. Thus, Community Action programs operate manpower programs and receive funding through the Comprehensive Employment and Training Act. In addition, many Community Action programs operate Headstart programs and receive funds directly from the Office of Child Development for carrying out Head Start programs.

The committee believes that one of the most important functions of Community Action Agencies is to initiate innovative programs. In the past, CAP's have responded to specific local problems with programs which may have applicability on a national level. The Maine Community Action Agency's energy conservation project initiated last winter in response to the severe impact of the energy crisis on the poor is one outstanding example.

HEAD START

The committee bill transfers legislative authority for the Head Start program to the Department of Health, Education, and Welfare and extends that authority through fiscal 1977. The Head Start title in the committee bill is based upon the administration's own legislative proposal.

In transferring the Head Start authority by legislation, the committee simply recognizes in the law the delegation of operating authority from the Director of the Office of Economic Opportunity to the Secretary of Health, Education, and Welfare which took place in 1969. It is in no way intended to alter the nature of Head Start as a local community-based child development program with maximum parental involvement.

In addition, the committee-reported bill prohibits the imposition of a fee

schedule for participation in Head Start programs.

FOLLOW THROUGH

Part B of title V consolidates the legislative authority for the Follow Through program in the Department of Health, Education, and Welfare and extends its authorization through fiscal year 1977. Follow Through has been an effective program which has shown tremendous promise in creating new and exciting methods that aid in the continued development of children in grades 1 through 3 of elementary school—so that children who have been through Head Start will continue the gains they have made.

MIGRANT AND SEASONAL FARMWORKERS

In view of the demonstrated effectiveness of programs operated under title III–B of the Economic Opportunity Act (EOA) of 1964, the committee bill continues the authorization of funding for migrant and seasonal farmworker programs with respect to nonmanpower activities.

Although section 303 of the Comprehensive Employment and Training Act of 1973—CETA—included special funding for manpower activities for migrants, there continues to be a need for a special program under the Economic Opportunity Act for nonmanpower activities. For example, title III–B authorizes day care, basic education, health services, emergency housing and sanitation facilities, and consumer training and counseling.

NATIVE AMERICAN PROGRAM

The Native American program applies innovative approaches to deal with the special needs of Indians and Alaska Natives, and provides for a better focusing of available resources to enable them to attain economic self-sufficiency. The Native American title of the committee-reported bill is based upon legislation submitted by the administration.

The basic purpose of the Native American program is to increase the economic and social service self-sufficiency of the Indian people. This in line with the whole concept of self-determination which has as its main function to build the capacity of tribal governments as well as off-reservation Indians to make decisions and to manage programs which affect their social and economic conditions. This is reflected in the Native American program through two major activities: first, to assist tribal governments in building their capacity to manage economic development and human services; and, second, for off-reservation Indians, to develop the capacity for linking into human services delivery systems supported primarily through the Federal Government and State and local governments. This is done primarily through information and referral outreach centers in the major cities of the country with large concentrations of urban Indians.

ENERGY CONSERVATION SERVICES

One of the most significant features of the committee-reported legislation is the new special emphasis program "Emergency Energy Conservation Services." This new program is based upon the widely acclaimed energy project in the State of Maine, funded by OEO under its research and demonstration projects authority.

These programs will be designed to enable low-income individuals and families and others, to participate in energy conservation programs designed to lessen the impact of the crisis on such persons. This includes such activities as winterization of old or substandard dwellings, special transportation activities, and similar functions.

Everyone is greatly concerned about the effect of the energy crisis on the poor during the winter months, and the special hardships which the poor will face this winter as a result of the economic situation.

The energy conservation projects are an example of how flexible the Economic Opportunity programs have been in developing innovative projects quickly and with a minimum of red tape.

COMMUNITY ECONOMIC DEVELOPMENT

The committee bill extends the authority now contained in title VII of the Economic Opportunity Act relating to community economic development, with strengthened provisions to assure the availability of resources from other Federal agencies and the availability of long-term capital for community economic development corporations and other grantees.

As in the case of Community Action programs, the committee bill also provides for the continued administration of the community economic development program under the Office of Economic Opportunity through October 1 of next year. However, the bill does provide that the President may, next year, submit to Congress a reorganization plan transferring the administration of the community economic development program to the Department of Commerce, with strict criteria relating to the autonomy and character of the program within that department. Such a plan would take effect 60 days after its submission to Congress unless it is disapproved by either House of Congress. In order to assure that the President may make his recommendation regarding the administrative status of this program with as much information as possible, there is established, under the committee-reported bill, a Commission to undertake a study of community economic development efforts for submission to the President and Congress on or before June 30, 1975.

Programs conducted by the Community Economic Development Corporation and other self-help entities combine business development efforts with job training and employment, social services programs, and a wide variety of other efforts reflective of community needs. These programs are designed to be comprehensive responses to the needs of all persons living in communities or areas with concentrations or substantial numbers of low-income persons, both in rural and urban areas.

SUMMARY

Mr. President, the antipoverty programs under the Economic Opportunity Act are part of the overall program to help the poor in our Nation. Certainly, other programs, including economic policies, tax relief, health programs, food stamps and other direct assistance programs, and employment and training programs all are necessary to help the disadvantaged cope with the particular problems they face. But the unique characteristic of the Economic Opportunity Act programs has been the legislation's flexibility. The law does not impose rigid limits upon the creative possibilities of the poor to help themselves. With the assistance of Federal and State Economic Opportunity offices, Community Action agencies can propose almost any type of program to meet their needs, and are encouraged to look for and utilize other resources—State, local, and private, as well as other Federal programs.

The Congress should do all it can to continue to support these modest but important efforts, especially in these times of economic distress.

Mr. President, I ask unanimous consent that a section-by-section analysis of the "Headstart, Economic Opportunity, and Community Partnership Act of 1974" be printed in the RECORD.

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

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section provides that this legislation may be cited as the "Headstart, Economic Opportunity, and Community Partnership Act of 1974".

Section 2. Statement of purpose

This section states that it is the purpose of the legislation to extend programs under the Economic Opportunity Act of 1964 and to provide for increased involvement of State and local governments in antipoverty efforts by authorizing a community partnership program.

Section 3. Headstart and Follow Through

This section provides for a new title V of the Economic Opportunity Act of 1964, except for part B of the existing title V which is redesignated as part C.

TITLE V—HEADSTART AND FOLLOW THROUGH PROGRAMS

Sec. 501. Purpose of title

This section states that the purpose of the title is to provide the legislative basis for the administration of the Headstart and Follow Through programs in the Department of Health, Education, and Welfare.

Sec. 502. Office of Child Development

This section provides that part A (relating to Headstart) of this title shall be administered in the Department of Health, Education, and Welfare; and that there shall be established within the office of Child Development a division of migrant programs and a division of Indian programs with sums of $10,000,000 authorized to be appropriated annually for the administration of each such division.

Part B—Headstart Programs

Sec. 511. Financial assistance for Headstart program

This section authorizes the Secretary of Health, Education, and Welfare to provide financial assistance to eligible agencies which provide comprehensive health, educational, and other social services and which provide for the direct participation of parents.

Sec. 512. Authorization of appropriations

This section authorizes appropriations of such sums as may be necessary for fiscal years 1975 through 1977 to carry out this part.

Sec. 513. Allotment of funds; limitations on assistance

This section sets aside funds available to territories; establishes discretionary funds up to 20 percent for the Secretary; allots funds to States on the basis of relative numbers of public assistance recipients, unemployed persons, and children from families below the poverty line; limits Federal share to 80 percent of approved costs; provides that services must be in addition to comparable available Federal services; provides that 10 percent of total number of enrollment opportunities in Headstart programs in the Nation must be available for handicapped children; and requires equitable distribution of services under this part between rural and urban areas.

Sec. 514. Designation of Headstart agencies

This section authorizes the Secretary to designate as Headstart agencies any public and private agencies which are determined by the Secretary to be capable of meeting the purposes of this part.

Sec. 515. Powers and functions of Headstart agencies

This section defines powers and functions of Headstart agencies; authorizes them to receive and administer Headstart funds under the provisions of this part; provides for parental and community involvement in the conduct of programs, and for technical assistance and training.

Sec. 516. Submission of plans to Governors

This section provides for submission of program plans to Governors prior to approval and, if disapproved, for reconsideration by the Secretary.

Sec. 517. Administrative requirements and standards

This section establishes requirements for the standards of organization, management and administration which will ensure the purposes of this part; limits program administration and development costs to 15 percent of total program costs; requires the publication and distribution of rules and regulations which are to be promulgated by the Secretary.

Sec. 518. Participation in Headstart programs

This section provides that the Secretary shall by regulation prescribe eligibility for participation in Headstart programs, including children from poverty families or whose families are eligible or would in the absence of child care be potentially eligible for public assistance, disadvantaged children of limited English-speaking ability, and a reasonable proportion of other children. The section also prohibits the Secretary from imposing any fees for participation in Headstart.

Sec. 519. Appeals, notice, and hearing

This section provides for notice and opportunity for appeals by agencies whose request for funding has been denied; and a full and fair hearing prior to the termination of funding.

Sec. 520. Records and audits

This section requires the maintenance of adequate financial records by recipients of financial assistance and their accessibility by Government auditors.

Sec. 521. Technical assistance and training

This section authorizes the Secretary to provide technical assistance and training.

Sec. 522. Research, demonstration, and pilot projects

This section authorizes the Secretary to provide financial assistance to public or private agencies for research, demonstration, and pilot projects; and for the Secretary to establish an overall plan for their approval.

Sec. 523. Announcement of research, demonstration, and pilot projects

This section directs the Secretary to make public announcements of information concerning research, demonstration, and pilot projects within 30 days.

Sec. 524. Evaluation

This section requires that the Secretary provide for the continuing evaluation of programs conducted under this part; publish standards of evaluation, and authorizes him to require Headstart agencies to conduct independent evaluations.

Part B—Follow Through Programs

Sec. 551. Financial assistance for Follow Through programs

This section authorizes the Secretary to provide financial assistance to appropriate agencies, organizations, and educational institutions to carry out Follow Through programs which will serve primarily children from low income families who were previously enrolled in Headstart and are currently enrolled in Kindergarten and primary grades. Programs must provide comprehensive services which the Secretary finds will aid in the continued development of these children.

Sec. 552. Authorization of appropriations

This section authorizes the appropriation of such sums as may be necessary for fiscal years 1975 through 1977 to carry out this part; limits Federal share to 80 percent of approved program costs with a waiver provision; requires that services supplement, not serve as a substitute for, existing services.

Sec. 553. Research, demonstration, and pilot projects; evaluation; and technical assistance activities

This section authorizes the Secretary to provide financial assistance for research, demonstration, and pilot projects, and for program evaluation, and technical assistance and training in furtherance of the purposes of this part.

Sec. 554. Special conditions

This section generally provides that recipients of financial assistance under this part shall make maximum employment opportunities available to parents of program participants and to community residents; provides for adequate notice and fair hearings prior to suspension of grants.

Part C—General provisions

Sec. 571. Definitions

This section defines terms.

Sec. 572. Labor standards

This section provides that wages and salaries of laborers and mechanics shall be in accordance with Davis-Bacon Act.

Sec. 573. Comparability of wages

This section requires the Secretary to ensure that salaries are not in excess of prevailing rates of compensation in communities for comparable responsibilities.

Sec. 574. Nondiscrimination provisions

This section prohibits discrimination.

Sec. 575. Limitation with respect to certain unlawful activities

This section prohibits participation of Headstart employees with respect to certain unlawful activies.

Sec. 576. Political activities

This section provides that an agency which is responsible for planning, developing, and coordinating Headstart programs shall be regarded as a State or local agency; prohibits involvement of programs in partisan or nonpartisan political activities and voter registration.

Sec. 577. Advance funding

This section provides for advance funding to afford adequate notice of funding available under this title.

Sec. 578. Bilingual assistance

This section provides that the Secretary shall insure that programs and activities under this title provide special assistance to the needs of persons of limited English-speaking ability by providing bilingual Headstart and Follow Through programs.

Section 4. Assistance for migrant and other seasonally employed farmworkers and their families

This section amends title III–B of the Economic Opportunity Act of 1964 to emphasize developmental programs; establishes within the Community Services Administration a National Office for Migrant and Seasonal Farmworkers; and requires that, in providing financial assistance under title III–B, priority be given to existing providers of services.

Section 5. Native American programs

This section amends the Economic Opportunity Act of 1964 by inserting a new title VIII.

TITLE VIII—NATIVE AMERICAN PROGRAMS

Sec. 801. Short title

This section provides that this title may be cited as the "Native American Economic Opportunity Program Act".

Sec. 802. Statement of purpose

This section provides that the purpose of this title is to promote the goal of enabling American Indians, Hawaiian Natives, and Alaskan Natives to become fully self-sufficient.

Sec. 803. Financial assistance for Native American projects

This section authorizes the Director to provide financial assistance to public and nonprofit private agencies for projects pertaining to the purposes of this title. Federal assistance would be equal to 80 percent of the cost of an assisted project, unless a higher percentage was authorized by the Secretary, Federal assistance could not be used to replace programs previously funded without Federal assistance, unless specially waived by the Director.

Sec. 804. Technical assistance and training

This section authorizes the Director to provide technical assistance and training in connection with the provision of financial assistance under this title.

Sec. 805. Research, demonstration, and pilot projects

This section authorizes the Director to support research, demonstration, and pilot projects pertaining to the purposes of this title.

Sec. 806. Announcement of research, demonstration, and pilot projects

This section requires the public announcement of information relating to research, demonstration, and pilot projects, except in certain circumstances.

Sec. 807. Submission of plans to State and local officials

This section requires that the governing body of an Indian reservation or Alaskan Native village must be given the opportunity to disapprove any project under section 803 or research, demonstration, or pilot project under section 805 to be carried out on the reservation or in the village. The bill would require that State and local officials be notified of any project under section 803 or research, demonstration, or pilot project under section 805 to be carried out in their jurisdictions, other than on or in an Indian reservation or Alaskan Native village or Hawaiian Homestead.

Sec. 808. Records and audits

This section authorizes the Director to prescribe record-keeping requirements for agencies receiving assistance under this title

and would provide for access to the records and books of any such agency.

Sec. 809. Appeals, notice, and hearing

This section imposes notice and hearing requirements in connection with the suspension or termination of assistance, or the denial of refunding under section 805.

Sec. 810. Evaluation

This section requires the Director to provide for the continuing evaluation of projects assisted under this title.

Sec. 811. Labor standards

This section provides that wages and salaries of laborers and mechanics shall be in accordance with Davis-Bacon Act.

Sec. 812. Delegations of authority

This section authorizes the Director to delegate his duties and authorities under this title to other Federal agencies.

Sec. 813. Definitions

This section contains definitions of terms used in this title.

Sec. 814. Authorization of appropriations

This section authorizes the appropriation of such sums as are necessary for fiscal years 1975 through 1977 to carry out this title.

Section 6. Community action programs with Indian tribes

This section amends section 210 of the Economic Opportunity Act of 1964 to make clear that Indian tribes are not described as political subdivisions of States.

Section 7. Research and demonstrations

This section amends the Economic Opportunity Act of 1964 by adding a new title XI.

TITLE XI—RESEARCH AND DEMONSTRATIONS

Sec. 1101. Statement of purpose

This section provides that the purpose of this title is to stimulate the better focusing of public and private resources upon the goal of enabling low income persons to become self-sufficient.

Sec. 1102. Research, demonstration, and pilot projects

This section authorizes the Director to provide financial assistance to public and private agencies for the conduct of research, demonstration, and pilot projects in furtherance of the purposes of this title; to establish an overall plan for approval of projects; and requires that research, demonstration, and pilot projects be submitted to State and local officials prior to approval and, if disapproved, be reconsidered by the Director.

Sec. 1103. Consultation

This section authorizes the Director, in conducting evaluations under the title, to involve program participants, whenever feasible.

Sec. 1104. Announcement of research, demonstration, and pilot projects

This section requires public announcements of information relating to grants and contracts, and provides that results are property of Federal Government, and for publication of summaries of related activities.

Sec. 1105. Nondiscrimination provisions

This section prohibits discrimination.

Sec. 1106. Prohibition of Federal control

This section provides that nothing in this title shall be construed to authorize Federal control over the activities of educational institutions.

Sec. 1107. Definitions

This section defines terms as used in this title.

Sec. 1108. Authorization of appropriations

This section authorizes such sums as may be necessary for fiscal years 1975 through 1977 to carry out this title.

Section 8. Evaluation

This section revises title IX of the Economic Opportunity Act of 1964, relating to evaluation.

TITLE IX—EVALUATION

Sec. 901. Program and project evaluation

This section provides for the Director, directly or through grants or contracts, to measure and evaluate the impact of all programs authorized by the Economic Opportunity Act and poverty-related programs authorized by other Acts.

Sec. 902. Cooperation of other Federal agencies

This section provides for other agencies of the executive branch to provide such information and cooperation as may be requested by the Director for purposes of the evaluations under this title.

Section 9. Community partnership

This section amends the Economic Opportunity Act of 1964 by adding new sections to encourage community partnerships.

The new section 235 authorizes the Director to provide financial assistance to carry out agreements entered into by community action agencies (or other agencies designated under section 210 of the Economic Opportunity Act) and a public agency or a political subdivision of a State. Such agreements shall provide for the planning, development, and administration of programs and activities of the type described under part A of title II of such Act (community action) and supplemental to such programs and activities otherwise provided under the Act for the strengthening of the capability of public and private community institutions in accomplishing the purposes of the Act in a coordinated manner. The Federal share shall not exceed 80 percent and matching non-Federal funds shall be in cash.

The new section 236 establishes an Intergovernmental Advisory Council on Community Services, composed of three members representative of States and county and municipal governments, three members representative of community action agencies and other grantees under the Economic Opportunity Act, and three members representative of labor, management, and other sectors which have demonstrated active interest in community action and antipoverty programs. The Council shall encourage community partnership agreements, review and evaluate such agreements, survey public and private resources available for antipoverty efforts, and identify and encouarge means of increasing such resources.

The new section 237 provides that, out of any sums allocated for local initiative programs under section 221 of the Economic Opportunity Act for any fiscal year, the Director may allocate for community partnership agreements under section 235 up to 50 percent of any amounts appropriated between $330,000,000 and $450,000,000.

The formula in section 225 of the Economic Opportunity Act is modified to refer to the poverty criteria used in the 1970 census, instead of the $1,000 family poverty level in the original Act. This formula is also applied to the distribution of funds under the new section 235.

Section 10. Special emphasis programs

This section amends section 222 (a) of the Economic Opportunity Act of 1964 by adding programs known as Emergency Energy Conservation Services, Summer Youth Recreation, and Urban Housing Demonstration Program. The Senior Opportunities and Services program (sec. 222 (a) (7) of the Act) is amended to authorize support for strengthening counseling, administrative representation, information, and referral services for the elderly. Section 227 of the Act is amended to change the name of the Youth Recreation and Sports Program to the "National Summer Youth Sports Program".

Section 11. Community economic development

This section revises title VII of the Economic Opportunity Act.

TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

Sec. 701. Statement of purpose

This section states that the purpose of the title is to encourage the development of special self-help and community mobilization programs so as to contribute to the elimination of poverty and the establishment of permament economic and social benefits.

Sec. 702. Definitions

This section defines terms used in this title.

Sec. 703. Authorization of appropriations

This section authorizes the appropriation of $84,000,000 for fiscal year 1975, and such sums as may be necessary for each of the two succeeding fiscal years, to carry out this title.

Part A—Urban and rural special impact programs

Section 711. Statement of purpose

This section states that the purpose of this part is to establish special programs of assistance to private locally initiated community development corporations which are directed to the solution of critical problems existing in particular communities or neighborhoods, are of sufficient size, scope and duration to have an appreciable impact in such communities, neighborhoods, and rural areas, and have the prospect of continuing such an impact after termination of financial assistance under this part; and provide financial and other assistance to start, expand, or locate enterprises close to the area to be served so as to provide employment and ownership opportunities for residents of such areas.

Sec. 712. Establishment and scope of programs

This section authorizes the Director to provide financial assistance to community development corporations for the costs of programs under this part. Programs may include economic and business development programs, community development and housing activities, training and employment programs and supportive social services. Programs assisted under this part are to contribute on an equitable basis between urban and rural areas to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

Section 713. Financial assistance requirements

Subsection (a) of this section provides requirements for funding projects under this part. These requirements are: (1) that the community development corporation is responsive to residents of the area under guidelines established by the Director; (2) projects and related facilities will to the maximum feasible extent to be located in the area served; (3) projects will promote the development of entrepreneurial and management skills and ownership by residents of the area served; (4) projects will be planned and carried out with maximum participation of local businessmen and financial institutions; (5) the program will be appropriately coordinated with local planning under this act and other relevant planning in the areas served; (6) no participant will be employed in projects involving political parties or facilities used for sectarian instruction or place of worship; (7) will not result in displacement of employed

workers or result in substitution of Federal for other funds; (8) will establish appropriate rates of pay for work-training and education; (9) will contribute to the occupational development of individual participants; (10) will give preference to low-income or economically disadvantaged residents of areas served in filling jobs and training opportunities; (11) training programs shall be designed to provide skills which are in demand in communities, neighborhoods, or rural areas other than those for which programs are established under this part; and (12) that financial assistance for related purposes under this act to the area served by a special impact program shall not be reduced in order to substitute funds authorized by this part.

Sec. 714. Federal share of program costs

This section provides for a Federal share of up to 90 percent of the cost of programs under this part. Non-Federal contributions may be in cash or in kind.

Part B—Special rural programs

Sec. 721. Statement of purpose

This section states that it is the purpose of this part to support self-help programs in rural areas with substantial numbers of low-income persons as a supplement to other Federal programs.

Section 722. Financial assistance

This section authorizes the Director to provide financial assistance, including loans to low-income rural families to effect a permanent increase in the families' incomes or improvement in living or housing conditions. Such loans will have a maximum maturity of 15 years and will total not more than $3,500. The Director is also authorized to provide financial assistance to local cooperative associations in rural areas for establishing and operating cooperative programs.

Section 723. Limitation on assistance

This section establishes conditions for financial assistance including number of low-income members in cooperative association receiving assistance, provision for adequate technical assistance, and determination that applicant is fulfilling need not already met. Funds under this part shall not be used to substitute funds for related purposes under the Act.

Part C—Development Loans to Community Economic Development programs

Sec. 731. Development loan fund

This section authorizes the Director to make or guarantee loans to community development corporations and families and local cooperatives for business, housing, and community development projects. Loans may not be made unless there is reasonable assurance of repayment, the loan is not otherwise available, and the amount of the loan is adequate to assure completion of the project. All loans shall be at a rate of interest to be determined by the Secretary of the Treasury, though the Director may set a lower rate for the first 5 years of indebtedness. All loans are repayable within 30 years. This section establishes a Development Loan Fund to carry out the lending and guarantee functions under this part.

Sec. 732. Establishment of Model Community Economic Development Finance Corporation

This section provides that the Director shall prepare a plan of action for the establishment of a Model Community Economic Development Finance Corporation. Not later than June 1, 1975, the Director shall submit such plan of action to the appropriate committees of Congress.

Part D—Supportive programs and activities

Sec. 741. Training and technical assistance

This section authorizes the Director to provide technical assistance to community development corporations and both urban and rural cooperatives, and training for employees of community development corporations and employees and members of urban and rural cooperatives.

Sec. 742. Small Business Administration programs

This section permits community development corporations to use funds granted under this part as private paid-in capital for small business investment company and local development corporation programs of the Small Business Administration.

Sec. 743. The Economic Development Administration programs

This section provides that areas selected for assistance under this title shall be deemed "redevelopment areas" within the meaning of section 401 of the Public Works and Economic Development Act of 1965 and shall qualify for assistance under title I and title II of such Act.

Sec. 744. Department of Housing and Urban Development programs

This section provides that the Secretary of Housing and Urban Development shall assure that community corporations qualify as sponsors under the Housing and Urban Development Act of 1961 and the National Housing Act of 1949; that land for housing and business location is available under the Housing Act of 1949; and that funds are available under section 701(b) of the Housing Act of 1954.

Sec. 745. Department of Agriculture and Farmers Home Administration programs

This section provides that the Secretary of Agriculture or the Administrator of the Farmers Home Administration shall take steps to insure that community development corporations and local cooperative associations qualify for and receive assistance under the Farmers Home Administration and Rural Development Act of 1962.

Sec. 746. Coordination and cooperation

This section provides that the Director shall take steps to assure that contracts and deposits by the Federal Government are placed in such a way as to further the purposes of this title, and shall take steps to encourage State and local governments to provide assistance to community development corporations and local cooperative associations.

Sec. 747. Evaluation and research

This section requires each program to provide for a thorough evaluation of the effectiveness of the program in achieving its purposes. The Director shall conduct research to suggest new programs and policies to achieve the purposes of this part.

Sec. 748. Planning grants

This section authorizes the Director to provide financial assistance to public or private nonprofit agencies or organizations for planning of community economic development programs and cooperative programs under this title.

Sec. 749. Community Economic Development Resources Committee

This section provides for the establishment of a Community Economic Development Resources Committee to advise the Director on the administration of this title and to develop plans and procedures for cooperative efforts of Federal agencies required to provide assistance under sections 742, 743, 744, 745, and 746 of the Act. The Committee is to be composed of the Secretaries of Commerce, Agriculture, Labor, HEW, Housing and Urban Development and the Small Business Administration.

Sec. 750. Special review of community economic development

This section provides for the establishment of a National Commission on Community Economic Development composed of two members of the Senate, two members of the House of Representatives, and nine persons appointed by the President. The Commission shall conduct a study which shall consider an appropriate administrative agency for the carrying out of community economic development programs in the future. The Commission shall submit a final report to the President and to the Congress on the results of its study, not later than June 30, 1975.

Sec. 751. Nondiscrimination provisions

This section prohibits discrimination.

Section 12. Establishment of community services administration

Effective October 1, 1975, the Economic Opportunity Act is amended to establish within the executive branch a Community Services Administration, which shall be the successor authority to the Office of Economic Opportunity. The Director, Deputy Director, and Assistant Directors shall be appointed subject to the advice and consent of the Senate. The Director shall be compensated at a rate not less than Level IV of the Executive Schedule.

This section provides that after June 30, 1975, the President may submit to the Congress a reorganization plan to take effect if not disapproved by either House of Congress in accordance with the standard reorganization plan procedures, within sixty days of continuous session of Congress.

Any such reorganization plan must provide for a Community Services Administration to be established within the Department of Health, Education, and Welfare. The Director of such Administration shall be directly responsible to the Secretary of Health, Education, and Welfare. However the responsibility for administering title VII (Community Economic Development) would be transferred to a separate Community Economic Development Administration within the Department of Commerce under any such reorganization plan.

Unless a reorganization plan is effective on October 1, 1975, the Office of Economic Opportunity will become an independent agency within the executive branch on that date.

Section 13. Transfer of functions of Office of Economic Opportunity

This section contains technical and transitional provisions designed to effectuate the transfer of the Office of Economic Opportunity to the new Community Services Administration, with respect to property, records, funds, personnel, and actions, and related matters.

Section 14. Eligibility for program

This section amends section 625 of the Economic Opportunity Act of 1964 to make clear that the poverty line is to be revised to reflect the full percentage change in the Consumer Price Index over the annual or other interval, instead of the average percentage change over such period of time. The revised section also provides that in applying the poverty line to families, the family unit shall not be defined so as to include income earned by individuals who are eighteen years of age or older other than the parents. For purposes of this Act, disadvantaged persons include those who suffer in the labor market because of their limited speaking, reading, and writing abilities in the English language.

Section 15. Extension of program authority

This section extends the authority to carry out programs under the Economic Opportunity Act for three additional years, through fiscal year 1978.

Section 16. Authorization of appropriations

This section authorizes the appropriation of such sums as may be necessary for fiscal year 1975 through 1977 for carrying out the Economic Opportunity Act. In addition, the appropriations authorization is automatically

extended for an additional year unless Congress otherwise acts with regard to the authorization.

Section 17. Effective date

This section provides that, except as otherwise provided the provisions of this legislation shall take effect on the date of enactment.

Mr. JAVITS. Mr. President, I wish to support the chairman of our subcommittee in commending the bill to the Senate, and to state the position of the Committee on Labor and Public Welfare in reporting favorably to the Senate S. 4178 the committee bill, which will now be considered under the House number under the procedure just adopted.

Mr. President, I urge that the Senate approve the "Headstart, Economic Opportunity, and Community Partnership Act of 1974", as reported by the Committee. This measure—in my opinion—combines the best elements of S. 3798, the "Economic Opportunity and Community Partnership Act of 1974", which I introduced with Senators KENNEDY, DOLE, JOHNSTON, ABOUREZK, BAYH, BROOKE, CASE, CLARK, CRANSTON, GRAVEL, HART, HASKELL, HATFIELD, HATHAWAY, HOLLINGS, HUMPHREY, LONG, MATHIAS, MCGEE, MCGOVERN, MCINTYRE, METZENBAUM, MONDALE, MOSS, MUSKIE, PASTORE, PELL, PERCY, RANDOLPH, RIBICOFF, HUGH SCOTT, TUNNEY, and WILLIAMS.

And, S. 3870, introduced by Senator NELSON and cosponsored by Senators BAYH, CRANSTON, MONDALE, and RANDOLPH.

The major elements of the committee bill are as follows:

First, the bill would extend the Economic Opportunity Act of 1964 for 3 years, authorizing "such sums as may be necessary" for each of the fiscal years, 1975, 1976, and 1977; the authorization of appropriations expired last June, but the programs have been continued to date under continuing resolutions. S. 3798 and S. 3870 each provided for a 3-year extension.

Continuation of our antipoverty efforts is essential generally since there are still 24 million Americans in the poverty syndrome, but those efforts are all the more important now as the Nation—and the poor particularly—are subject to what has been termed "stagflation," that is a high rate of inflation, coupled with a high rate of unemployment.

As President Ford noted in his economic message to the Congress on October 8:

Now I know that low-income and middle income Americans have been hardest hit by inflation. Their budgets are most vulnerable because a larger part of their income goes for the highly inflated costs of food, fuel, and medical care.

On the employment side, while the national level of unemployment—at 6.2 per cent in October—is clearly unacceptable, in particular areas in which the poor live the unemployment rate is as high as 40 per cent—an outrageous level—and every prediction is that the November rate, to be announced by the Department of Labor this Friday will show a severe increase.

Second, the bill provides for the continuation of the Office of Economic Opportunity through September 1975; thereafter, it would be succeeded by a new independent agency, the Community Services Administration. However, at any time after July 1, 1975, the President could submit a reorganization plan for transfer of community action and related programs to a separate administration in HEW, and, of community economic development to a separate administration in the Department of Commerce. Either House could disapprove such a reorganization plan within 60 days.

This represents a basic compromise on the key difference between my bill and Senator NELSON's; I had proposed that the Office of Economic Opportunity be succeeded by an independent agency; Senator NELSON on the other hand, following the general approach of the House bill proposed that the programs conducted by OEO be transferred to the Department of Health, Education, and Welfare and established there in a new Community Services Administration, with community economic development to be administered by the Department of Commerce.

While the administration seems to "lean" toward the HEW approach for community action, it has not submitted any legislation or other positive "blueprint" to provide for the continuation of community action programs in such a context; it did, however, submit legislation to transfer community economic development to Commerce.

This committee bill thus contains very strong provisions for the continuation of OEO and a successor independent agency, but with the option for the administration to take another position at a later date, but subject to disapproval by either House.

Those of us who favor the continuation of OEO as an independent agency, believe that independence is needed in a number of important aspects:

First, the poor need a separate "voice" in the Federal Establishment acting as their advocate vis-a-vis the actions taken by other established agencies; for example, in last winter's energy crisis, OEO was able to get HEW as well as other agencies to modify certain regulations affecting the poor, and to get the Federal Energy Office to be more responsive to the effects of the crisis on the poor.

Second, a separate agency, unlike an established one, will be free to experiment and innovate with less pressure from those who represent the "status quo"; for example, OEO conducted a very controversial educational "voucher" experiment; it would have been more difficult for HEW to have undertaken such a study.

Third, a separate agency for the poor will be more responsive to the indigenous needs of community action agencies and community economic development corporations.

Fourth, a separate agency is needed to evaluate independently and objectively programs of other agencies affecting the poor; the greatest portion of an estimated $30 billion in Federal programs benefiting the poor, including social security, welfare assistance, programs for the aging, and so forth, are conducted by HEW.

Beyond these considerations, there is a substantial risk that community action and related programs could be lost in HEW; under the administration's budget request, that agency would be responsible for administering $114 billion in fiscal year 1975.

Finally, and most crucially, at this time HEW does not want the program. Secretary Weinberger has so advised me.

Third, the committee bill continues 80 percent Federal matching for community action agencies and programs.

While for some years the administration has urged that Federal funding for such agencies be cut off completely or at least drastically phased down in the expectation that State and local governments will fund the programs in the future under the "New Federalism" every indication that we have suggests that while there is substantial support at the State and local level for community action programs in the general policy and political sense, this has not yet been translated into fiscal help even with general revenue sharing, governmental units—hit by inflation—are hard pressed, and in fact are cutting back services. In fact, less than 3 percent of over $14 billion in general revenue sharing funds have gone to programs for the poor, and very little of that to community action agencies.

Until there is greater evidence of both a willingness or ability to transfer resources to community action agencies on the State and local level, Federal funding should continue at the 80 percent current rate.

However, in recognition of the need to encourage new relationships between State and local government on the one hand and community action agencies on the other, the committee bill does contain new authority for "community partnership agreements"—which I authored—under which incentive funds will be available for joint undertakings. In each geographical area, these funds will be in addition to the regular local-initiative funds.

To encourage such agreements and to oversee activities, the bill establishes an "Intergovernmental Advisory Council on Community Services," including three members from State and local government, three from representatives of community action agencies, and three from other interested groups, appointed by the President.

Fourth, the committee bill authorizes a new community economic development effort, building with increased resources upon the experiences under title VII of the Economic Opportunity Act—which I coauthored with Senator KENNEDY—and the previous efforts under the "special impact" title I-D of the Act in such areas as Bedford-Stuyvesant in New York—in which I joined the late Senator Robert Kennedy.

There are currently 35 federally funded community development corporations—split almost evenly between rural and urban areas—and a number of

rural cooperatives, and 75 likely privately funded corporations and similar entities across the Nation—operating with great success.

The authority in the committee bill is basically that contained in title VII of the present Economic Opportunity Act, but with the following new elements from S. 3798 which I introduced with Senator KENNEDY and others:

Increased authorizations; under the committee bill, the program, which is now at the $39.3 million level, would increase to $84 million in fiscal year 1975, $120 million in fiscal year 1976, and $156 million in fiscal year 1977.

Strengthened credit arrangements available to community economic development programs; these are contained in part C of the revised title.

Greater supportive efforts from the Economic Development Administration, the Small Business Administration, and other Federal agencies, including the establishment of a "resources committee" made up of the heads of these agencies to encourage the focusing of other resources.

The administration had submitted legislation to transfer this program to the Department of Commerce to be joined with the programs conducted by the Office of Minority Business Enterprise.

While a transfer to Commerce—although not to OMBE—may be considered a possibility for the future—which may be accomplished by reorganization plans under the committee bill—I am pleased that the committee has chosen to keep this program in OEO or in the successor independent agency to OEO.

In that connection, I note that the committee states at page 10 of its report:

> The Committee stongly believes that such independence is important for the expansion and development of this unique self-help program.

Other statements in the committee report on that page and the following make clear the difference between community economic development and what is generally known as the "minority enterprise" effort.

Fifth, the committee bill would authorize three new special emphasis programs—which I authored:

"Emergency Energy Conservation Services", designed to enable low-income individuals and families and others, to participate in energy conservation programs designed to lessen the impact of the energy crisis on such persons. This includes such activities as winterization of old or substandard dwellings, special transportation activities, and similar functions.

Of the 8 million single family dwellings occupied by the poor, 4 million have no insulation and about 5 million have no storm windows or doors. One-fourth or 2 million of the homes are in the coldest or moderately cold climate zones where temperatures regularly go below freezing in the winter months.

The poor's access to fuel is being limited because of a reluctance of suppliers to extend credit for small orders.

This new authority is based on S. 3051, the "Emergency Energy Conservation Economic Opportunity Amendments of 1974", which I introduced on February 25, with 16 other Senators, including Senators MCGOVERN, ABOUREZK, CRANSTON, HART, HUGHES, HUMPHREY, KENNEDY, MATHIAS, METCALF, MONDALE, NELSON, PELL, RANDOLPH, RIBICOFF, STAFFORD, and WILLIAMS.

"Summer Youth Recreation Program" designed to provide recreation opportunities for low-income children during the summer months. This has been a matter of great importance to me as has the summer youth job program to which it has been linked.

We have a number of authorities in the Comprehensive Employment and Training Act of 1973 to continue the summer job element but need this new authority for recreation to insure continuation of that important aspect.

"Urban Housing Demonstration Program", designed to encourage and assist low-income families living in neighborhood characterized by abandoned and deteriorating housing to continue to maintain housing as a supplement to existing community development and housing legislation.

Sixth, the bill would establish the Headstart and Follow Through programs, now conducted by HEW in that Department, with a legislative authority.

Mr. President, in closing, the major element of the committee bill is essentially to continue the authority of the antipoverty program as we now know it, but permit a reorganization plan at a later date for transfer to HEW, which either House may disapprove. That is the essential difference between ourselves and the House of Representatives which provides for a transfer to HEW.

Just one other point, Mr. President. That is that of all the times not to end the antipoverty program, this is the time. All of us realize the impact, the terrible impact of higher food costs and higher fuel costs, which are falling with greatest severity on the poor. And the poorest, who are dealt with in this program, certainly do not have income tax problems. To the theory that "we are going to give them some break on the income tax" is hardly relevant to this situation.

The only way we can give them some break is by maintaining local community action, buttressed by Federal action. That is all that this bill is about.

So I hope very much, Mr. President, that Senators will carefully read and consider the materials put in by the Senator from Wisconsin (Mr. NELSON) and myself, and will allow us, because that is the only way we will get to it, by voting cloture, to get on with this bill to do something about it in an effective and prompt way.

We have been functioning on continuing resolutions since the close of fiscal 1974. That is hardly the way in which to treat so urgent a humanitarian subject as this, and hence the matter has been left in very grave concern for all the poor who are affected, because they simply did not know from one continuing resolution to the next whether it would continue at all, nor did the States and municipalities and others which deal with the programs, which are certainly entitled to far more certainty in their own planning and consideration of their policies.

For those reasons, Mr. President, I strongly recommend the measure which has been reported by the Committee on Labor and Public Welfare, now the House bill as amended by the amendment of the Senator from Wisconsin.

I ask unanimous consent that a chart, which appears at page 21 of the committee report, showing cost estimates for each of the three years of the bill, be printed at this point in the RECORD.

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

ESTIMATE OF COSTS

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91–150), the Committee estimate of the cost of carrying out this bill is set forth in the following table:

[In millions of dollars]

Program	Fiscal year— 1975	1976	1977
Local initiative	$390.0	$390.0	$390.0
Community partnership	60.0	120.0	180.0
Community economic development	84.0	120.0	156.0
Emergency food and medical services	30.0	35.0	35.0
Senior opportunities and services	20.0	25.0	30.0
Consumer action and cooperative services	10.0	15.0	20.0
Design and planning assistance programs	10.0	15.0	20.0
Native Americans program	33.5	37.0	43.0
Emergency energy conservation services	100.0	100.0	100.0
Youth sports program	6.0	6.0	6.0
Summer youth recreation program	26.0	30.0	35.0
Rural housing	10.0	15.0	20.0
Urban housing	10.0	15.0	20.0
Training and technical assistance	5.0	6.0	7.0
State economic opportunity offices	12.0	12.0	12.0
Intergovernmental Advisory Council on Community Services	1.5	1.5	1.5
Migrant program	40.0	50.0	60.0
Head Start	500.0	550.0	600.0
Follow Through	60.0	65.0	70.0
Research and demonstrations	22.0	22.0	22.0
Evaluation	60.0	70.0	80.0
Other programs and administration	30.0	30.0	30.0
Total	1,520.0	1,729.5	1,937.5

Mr. KENNEDY. Mr. President, I rise in support of the amendment of the Senator from Wisconsin in the nature of a substitute, which incorporates the provisions of S. 4178, the Headstart, Economic Opportunity, and Community Partnership Act of 1974, which will provide a needed indication to the Nation's poor that the Federal Government will not forsake them at this moment of economic crisis.

The bill will extend the Economic Opportunity Act of 1964 for 3 years and will insure the continuing independence of the Office of Economic Opportunity at least through next October 1. At that time, in the absence of a reorganization plan by the President, a new successor independent agency will come into being to continue to act as the voice of the poor.

The latest example of the need for the poor to have a voice speaking for their

needs alone is the President's proposal to cut the Federal budget.

He calls for making food stamps more expensive. He calls for making Medicare patients pay larger shares of the bill. He calls for cutbacks in major health and education programs.

That is why I have objected to ending the independence of the Office of Economic Opportunity. For that reason, I introduced with Senator JAVITS, Senator JOHNSTON, and Senator DOLE, S. 3798, to establish a totally independent successor agency to OEO.

Although we all recognized that in the political climate of last May, the successful approval of House legislation to preserve community action agencies within the Department of HEW represented a victory, that action was far too limited to meet the needs of the Nation's poor.

I believe that the Nation's poor deserve far more support and assistance than they have received in the past. I also find it difficult to accept a situation where children go to bed hungry and men and women find it impossible to provide even the basic necessities for their families.

Yet we are a nation with the capability to remove poverty. We have a Federal budget that is $300 billion. We have a gross national product over a trillion dollars. We have a defense budget of $80 billion. Yet to bring all poor Americans to the incomes above the line in 1971 it would have cost only $11.4 billion.

It is not the adequacy of our resources but the political will to commit those resources that has prevented us from winning the war on poverty.

For that reason I have opposed the administration's efforts over the past several years to eradicate the Federal antipoverty effort. For that reason, I have opposed the limited step of retaining a skeleton community action program within HEW and a community economic development program submerged within the bottom layers of the Department of Commerce. I believe both programs should have at least separate status within an independent Federal antipoverty agency.

Virtually every affected group in the antipoverty field has supported the independence of the Federal antipoverty effort. At the hearings held in August, our proposal was supported by a wide variety of groups.

Their views and mine that the Federal antipoverty effort should remain totally independent was combined in a compromise with the administration and House position in the measure now before us. This bill will retain OEO for the next several months while studies on the future antipoverty structure are being conducted along with the future institutional structure of community economic development and community action agencies. My own view is that these programs deserve independent status and that this will be the result of the studies. The studies will fall due on June 30, 1975. The President then will have the opportunity to examine those along with the Congress. If he decides to move any of the programs from their current location, he could submit a reorganization plan for that purpose. He would have until October 1, 1975, to make that decision. Congress of course would have the power to disapprove that plan.

In the absence of a reorganization plan, then OEO would become the Community Services Administration, an independent Federal agency. Certain programs which have been delegated in the past to other agencies and found an unwelcome home will be returned to the new administration, including the nonmanpower aspects of the migrant program. Community Action and Community Economic Development would have separate divisions within the new agency.

I ask unanimous consent that a resolution adopted unanimously by the Community Action Agency Executive Directors Conference in Houston in October in support of S. 4178, be printed in the RECORD. I also ask unanimous consent that a telegram from Governor Francis Sargent in support of this bill be printed in the RECORD.

In a previous statement I have discussed in greater length the rationale for the independence of OEO which I ask unanimous consent to have printed in the RECORD along with other testimony. Also I would ask unanimous consent to have portions of the committee report which lists the programs contained in the current bill to be printed in the RECORD.

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

RESOLUTION ADOPTED BY COMMUNITY ACTION AGENCY EXECUTIVE DIRECTORS CONFERENCE

Region II submits for adoption by this Body the following Resolution:

Inasmuch as the Community Action world was successful in securing the passage of H.R. 14449 by an overwhelming six-to-one margin in May of 1974, despite the existence of an Administration dedicated to the dismantlement and eradication of Community Action,

And inasmuch as there has now been a change in that Administration,

And inasmuch as the majority of our supporters in the House of Representatives readily acknowledge that H.R. 14449 represents a survival compromise piece of Legislation to insure the continuation of Community Action at that time,

And inasmuch as we have been successful in having a Javits/Nelson Bill come out of the Senate Committee to sustain an Independent Agency for the poor outside of HEW and providing the Administration the opportunity of submitting a reorganization plan subject to the acceptance or rejection of the Congress by a Majority Vote,

Be it therefore resolved that this annual meeting conference of the National CAA Executive Directors Association go on record as supporting and working for the passage of the Javits/Nelson Legislation which retains Community Action in an Independent Agency outside of HEW.

Be it further resolved that this Resolution be transmitted to the Legislators of both Houses of Congress, the media and to all Community Action Agencies for distribution to their supporters and local elected officials.

BOSTON, MASS.,
December 5, 1974.

Senator EDWARD M. KENNEDY,
Senate Office Building,
Washington, D.C.:

I write to you to request that you give your full support to S. 4178 legislation to extend the basic features of the Economic Opportunity Act of 1964. The Community Action Agencies of the Commonwealth despite funding insecurity and despite questions regarding their very existence have continued for the past 5 years to deliver important services to the poor. As a result of the work the Community Action Agencies the Commonwealth saves millions of dollars each year in the areas of welfare and unemployment payments as well as in job training and other community services to the poor. Today when low income citizens are being hard hit by the effects of recession the services provided by Community Action Agencies are even more vital. I urge your full support.

Sincerely,

FRANCIS W. SARGENT,
Governor, Commonwealth of Massachusetts.

STATEMENT BY SENATOR EDWARD M. KENNEDY

I appreciate the opportunity to join with you at today's hearing of the Senate Subcommittee on Employment, Poverty, and Migratory Labor on the future of OEO. The issue before us is really whether there will remain a federal anti-poverty agency whose primary responsibility is to seek new ways to alleviate the conditions and causes of poverty.

The legislation before the Subcommittee includes a proposal introduced by my distinguished colleague Senator Javits and myself, and Senators Johnston and Dole, with some 30 other cosponsors. That bill would establish a successor to OEO, the Community Services and Community Economic Development Administration.

The essential element in that legislation is that it would maintain an independent agency whose primary responsibility is to continue the work of OEO. Although I was pleased to see the underlying support in the House of Representatives for the continuation of many of the programs begun by OEO, I believe that the best vehicle for their effective operation, and the best vehicle for new initiatives is an independent agency.

This Subcommittee and its Chairman have demonstrated their firm commitment in the past to the goal of providing equal advantages and oportunities for every American. Its attempt to protect the Office of Economic Opportunity has taken place in the face of a concerted Administration attack on that agency.

The erosion of a federal commitment to the antipoverty effort began with the current Administration, and it continues today.

The Administration's first attempt to dismantle OEO by executive fiat was rebuffed when the courts insisted that the office be continued at least until the expiration of its authorization legislation. In the interim, some OEO programs were shifted to other departments as OEO was turned into a skeleton Agency during the directorship of Howard Phillips.

The Administration's second attack came with a zero budget request for FY 1974. Congress rejected that policy and appropriated funds to continue most of those programs. Once again, a zero budget request is before us this year, as the Administration proposed to kill outright many of the programs, including community action programs, while it would permit others to expire slowly in other federal departments.

The most recent evidence of the opposition to effective action in meeting the needs of the poor was the firing on July 16 of Alvin

J. Arnett as Director of OEO for his resolute advocacy of the need for a continued federal anti-poverty agency.

Perhaps the Administration expected OEO to die quietly when its authorizing legislation expired on June 30th. A continuing Resolution has assured its survival until final Congressional action. I am hopeful that our final action will recognize the importance of maintaining an independent agency, whose visibility as well as its own actions provide a voice for the poor.

It is the independent anti-poverty agency that can make clear why an economic policy that calls on consumers to cut their spending for food and clothing and shelter is a policy blind to the reality of life for 25 million poor Americans. Food prices have risen by 20% since last year, fuel prices have increased even more as they hit the elderly and the poor in their rent and their utilities. There is not a single area of basic services necessary for survival in which prices for the poor have not skyrocketed.

The President has called for consumers to cut back on their consumption as the way to meet the problem of inflation. For the poor in America, that policy is unacceptable and unrealistic and cynical. When the poor are found to be buying pet food because they can't afford anything else, it is shameful to talk about asking them to cut back their spending.

The future Administration of the Community Development Corporations, which have pioneered the concept of self-help community economic development, if of particular concern. Since their inception in 1966, they have recorded significant achievements in the fields of housing, health, manpower training and social services. They have also justified the faith of Robert Kennedy and Jacob Javits, the program originators, that the poverty community has within it human resources that can be tapped and organized to effectively plan its own future development. They have succeeded both in starting new businesses and in attracting major corporations to invest in economically depressed areas.

Recognizing the current value of the Community Economic Development Programs, the Administration has proposed to spare them from the general extinction it intends for OEO Programs. Instead, the CDC's are to be transferred to the Office of Minority Business Enterprise in the Department of Commerce. That decision is both inappropriate and, as a sponsor of the expansion of the CDC Program in the 1972 OEO Amendments, I believe it is a direct misreading of the character of the Community Economic Development Program.

It is not solely a business promoting operation—although CDC's have sponsored 250 successful ventures including a fleet of taxis in Racine, Wisconsin, a lumber operation in Midwestern Minnesota, a cooperative fishery in Alaska, and a blue jeans factory in Greenville, Mississippi.

It is a program that involves every facet of community life from manpower training to housing construction to social service delivery. Not only has OMBE had no experience in these programs but it represents a narrow approach to the problem of economic development. In reality it would be far more appropriate to consolidate OMBE within a Community Economic Development Bureau than the reverse.

But the obvious and I believe the best answer is to retain the CAC's within an independent poverty agency fully responsive to the problems, proposals and potential of Community Economic Development. The CDC Program would be expanded to a $360 million program over the next three years.

In addition, we have mandated the creation of an interagency "Community Economic Development Resource Committee" to insure the maximum use of other federal resources with representatives from other federal departments.

Finally, the Bill would provide a joint Congressional study during the current fiscal year on the possibility of establishing an independent Community Economic Development Agency.

The new Bill also protects the local initiative or Community Action Programs which have been the core of the OEO Program from the outset.

According to a sample survey conducted by the national C.A.A. Executive Directors' Association, some 50 million persons are now affected by those programs.

They provide services, but equally important, they act as the voice of the poverty community within urban and rural America. There is no state in America today where a Community Action Agency has not had an impact on the quality of people's lives. They have produced controversy and consternation among traditional government agencies in the past, but they have convinced those same agencies today that the concerns they represent are legitimate concerns. They are the concerns of the poverty community for participation in decisions affecting their lives. They are the concerns of the poor for dignity. They are the concerns of the poor for the opportunity to achieve the same prosperity that is taken for granted by the more affluent majority.

I have seen the services provided by ABCD and the 24 other CAA's in Massachusetts, and I consider it to be one of the Administration's most shortsighted decisions to recommend the abandonment of these programs. I can assure this audience that the Senate will not accede to that abandonment.

Based on the success of Community Action Agencies and recognizing the desire of many cities, counties and states' to work more closely with these agencies, we have proposed a new program in the bill. This Community Partnership Program will offer incentives to these local government agencies to enter into agreements with a Community Action Agency to undertake joint anti-poverty projects. Some $420 million is authorized over three years for this new program.

Mr. Chairman, in addition, the bill extends and increases the authorizations for virtually all of the former OEO programs. It also attempts to distinguish those programs which have been delegated to other agencies and found happy homes and those which have had continued conflicts in their new agencies. For that reason, we are transferring the migrant program to the new agency rather than permitting it to remain in the Department of Labor. For that reason too, we are placing the Summer Youth Recreation Program in the new agency. At the same time, we are permitting Headstart and Follow-through—although with increased authorizations—to remain at HEW.

We feel that most of these programs can operate most effectively in the federal anti-poverty agency and therefore we believe that that agency should be continued and expanded. Its work is clearly not yet done.

The cost of poverty, of unemployment, of dependency, of unused talents—those costs cannot be measured in dollars alone. They also are counted in the bitterness and rancor that they produce.

I believe an independent anti-poverty agency is an essential element in the effort to reduce poverty in America. I hope that the final product of these hearings reflects that belief.

EXCERPT FROM COMMITTEE REPORT ON S. 4178

A SUMMARY OF THE MAJOR PROVISIONS OF THE BILL

The Committee reported "Headstart, Economic Opportunity, and Community Partnership Act of 1974" provides for the continuation of programs presently authorized under the Economic Opportunity Act of 1964, as amended, including the Community Action Program, and establishes a Community Services Administration as the successor agency to the Office of Economic Opportunity to administer these programs. In brief the Committee reported bill—

Extends the Economic Opportunity Act for three years, authorizing the appropriation of such sums as may be necessary for fiscal years 1975, 1976, and 1977.

Continues the Office of Economic Opportunity until October 1, 1975. At any time after June 30, 1975, the President may submit Reorganization Plan to transfer (not earlier than October 1, 1975) community action programs to the Department of Health, Education, and Welfare and community economic development programs to the Department of Commerce. Either House of Congress could disapprove such Reorganization Plan within 60 days If the President did not submit Reorganization Plan, or Congress disapproved it, OEO would become the Community Services Administration, which would be an independent agency in the Federal Government.

Provides legislative authority for Head Start, Follow Through, Native American and research programs in the Department of Health, Education, and Welfare (HEW now operates such programs under delegation arrangements from OEO).

Retains 80 percent Federal, 20 percent local share of costs, same as the Economic Opportunity Act currently requires of Community Action programs.

Authorizes additional program of "Community Partnership" incentive grants to augment those funds made available by State and local governments for community action programs.

Authorizes appropriation of such sums as may be necessary for Economic Opportunity Act programs for fiscal years 1975 through 1977. Any amount between $330 million and $450 million for local initiative community action programs be allocated in equal amounts between direct local initiative funds and community partnership grants.

DESCRIPTION OF PROGRAMS

Community action

The Community Action program provides assistance, both financial and technical, to communities conducting programs to reduce poverty. Community Action was originally conceived in recognition of the fact that, while poverty is a national concern, its various causes and symptoms are best understood and best dealt with at the local level. Communities are encouraged and helped to develop programs aimed at the special needs of their own poor families, to develop their own ideas, commit their own resources, assume responsibility for initiating and carrying out programs suited to their own needs. Under the Community Action program, financial and other assistance is provided to the communities for a variety of purposes and through a variety of mechanisms and a number of categorical approaches.

Local initiative

Local Initiative funding is the basic versatile money which provides support for the total Community Action process, which includes analysis of community problems, the development of a strategy for dealing with those problems, the assignment of priorities, the development of programs to accomplish specific objectives, mobilization of resources to support needed program efforts, the conduct of programs, and self-evaluation of these efforts. In addition, Local Initiative funds sustain a wide range of specific programs dealing with health, manpower, day care, youth development and other programs in addition to "special emphasis" programs which receive funds from specific sources other than Local Initiative.

Community economic development

The Community Economic Development program provides support for economic and community development in urban and rural areas with high concentrations of poor people through community development corporations and cooperatives. The program is designed to support a limited number of significant and highly visible projects promoting opportunities for community self-development, individual entrepreneurship, and good jobs.

Emergency food and medical services

The Emergency Food and Medical Service program was established to provide food and assistance in areas with serious hunger problems. Its chief purposes have been to provide mechanisms and facilities, such as outreach, transportation, certification assistance and liaison, and to identify and overcome obstacles to the full use of food programs, rather than direct feeding. In a limited way the program has provided food on a temporary basis in critical situations. Funds have been used for self-help projects whereby participants can raise and process their own foodstuffs.

Environmental action

This program authorizes projects to combat pollution and improve the environment. It combines the elements of a work program with a recognition of the need to improve the environment, particularly the environment in which the poor find themselves. Projects may include clean-up and sanitation activities, reclamation and rehabilitation of areas damaged by natural and man-made destruction.

Rural housing development and rehabilitation

This program is designed to give special emphasis to the problem of inadequate housing in rural areas. Its purpose is to encourage experimentation in rural areas, to enhance existing Federal housing programs, and provide new housing thrusts in the future through assistance to nonprofit rural housing development corporations and cooperatives for construction of new housing and the repair and renovation of existing housing.

Senior opportunities and services

The Senior Opportunities and Services program is designed to meet the special needs of elderly citizens which are not met by the more general programs designed for younger persons. Health, employment, housing, consumer, welfare and other needs of the elderly are recognized and provided for.

Design and planning assistance

This program provides financial assistance for technical assistance and professional architectural and related services for programs conducted by community-based design and planning organizations. The program encourages the maximum use of voluntary services of professional and community personnel.

National summer youth sports program

The National Summer Youth Sports Program provides disadvantaged young people with recreation and physical fitness instruction concentrated in the summer months and utilizing college and university and other recreational facilities. The program includes instruction concerning study practices, career opportunities, job responsibilities, health and nutrition, and drug abuse education. It is currently administered through the National Collegiate Athletic Association, and in 1973 involved 105 participating institutions located in 71 cities.

Consumer action and cooperative programs

The Consumer Action and Cooperative program aids the development and operation of consumer action and advocacy and cooperative programs, credit resources development programs, and consumer protection and education programs. It is intended to aid low-income individuals and groups in enforcing consumer rights and protect such individuals and groups against unfair or discriminatory trade and commercial practices.

Technical assistance and training

The Director provides training and technical assistance to communities to develop and conduct programs to meet their own needs and national goals. The Director may assign personnel to the local agency for limited times. However, most assistance is provided through contracts with various professional and volunteer organizations which have special competence in the areas involved.

State agency assistance

State agencies under this program are generally an adjunct to the Office of the Governor within the individual State. Their purpose is to mobilize antipoverty resources within the State, serve as an advocate for the poor, provide technical assistance to grantees, consult with Federal officials and local Community Action agency personnel on funding requests, give advice, training, and technical assistance, and assist in monitoring and evaluation of program activities.

Rural loan program

The Rural Loan Program provides loans to low-income rural families to assist them in maintaining and raising their income. Loans are made to both individuals and cooperative associations. The program is conducted by the Farmers Home Administration.

Special programs for migrants and seasonal farmworkers

Title III–B authorizes special programs for millions of Americans who depend for bare subsistence on earnings sporadically available from farm employment. The program serves both those classified as seasonal-hire farm labor and those who migrate during peak harvest seasons. These programs provide a wide variety of services including day care, remedial education (including high school equivalency), emergency food and housing, and heatlh care.

Research and demonstrations and evaluation

Research activities are designed to expand information on the causes of poverty, its incidence and on the means and mechanisms necessary to alleviate it. These efforts seek to develop workable models and innovative programs that can be used by Federal, State or local agencies to meet the needs of the poor. The research program authorized under the Economic Opportunity Act is presently operated by HEW under delegation by the Office of Economic Opportunity, provides broad policy research on questions of employment, income maintenance, etc., and basic research and statistical studies on the extent and causes of poverty.

Evaluation activities involve attempts objectively to assess the effects of a given program and the relative effects of different programs and techniques, as well as other variables such as different managerial and operational techniques.

Headstart

Headstart is a comprehensive preschool program for poor children providing medical, dental, nutritional, educational, and social services so as to meet many of the intellectual, social, and health needs and enhance the quality of life of the deprived school child while he is in the program. There is emphasis on parental involvement. Headstart serves children through three basic programs—full year, part-day; full-year, full day; and summer programs. Headstart is conducted by the Office of Child Development in the Department of Health, Education, and Welfare.

Follow Through

Follow Through is designed to build upon the gains enjoyed by children in Headstart and, as in Headstart, a range of early childhood needs—educational, physical, psychological, as well as social needs—are recognized through programs conducted in the early grade school years. Follow Through is administered by the Office of Education in the Department of Health, Education, and Welfare.

Native American

The Native American program applies innovative approaches to the special needs of Indians and Alaska Natives in an effort to increase the economic and social self-sufficiency of the Indian people.

STATEMENT PREPARED FOR PRESENTATION BEFORE THE COMMITTEE ON LABOR AND PUBLIC WELFARE OF THE UNITED STATES SENATE

(By John Kearse and accompanied by William Bay, Fiorindo DiGianvittorio, and David Lizarraga)

My name is John Kearse. I am the Executive Director of the Economic Opportunity Commission of Nassau County, New York, which is a Community Action Agency and a Community Economic Development Corporation.

But I come before you today in my capacity as Executive Vice President of the National Congress for Community Economic Development—the association of OEO-funded Community Development Corporations, located in urban and rural areas across the nation. I have been appointed spokesman for our group, although I have with me Bill Bay, Executive Director of Impact Seven, a rural CDC in Northern Wisconsin; Fior DiGianvittorio, Chairman of the Board of the East Boston Community Development Corporation, and David Lizarraga, Executive Director of the East Los Angeles Community Union. Any of these gentlemen will be pleased to respond to specific questions you might have or to add to my prepared statement if time permits. Some of them wish to submit brief statements about their local programs for the record, and we therefore request that the record be kept open so this will be possible.

We are here to strongly support the continuation of OEO or the establishment of a new independent agency which has as its sole mandate the task of alleviating the multitude of social and economic problems that beset poor people.

I speak on behalf of a large majority of my colleagues and in accordance with a resolution passed by the membership of the National Congress for Community Economic Development.

Such an agency should be mandated to coordinate the resources of existing social and economic programs in the Federal and State governments as well as in the private sector, so they may be more effectively utilized by the people they were intended to serve and should include the Community Economic Development Program, the Community Action Program, and other programs specifically designed to reduce poverty.

Most of you are familiar with the Special Impact—or the CDC Program presently funded under Title VII of the Economic Opportunity Act of 1964 as amended. Many of you have been especially supportive—Senator Javits, of course, co-sponsored the enabling legislation, and has maintained a continuing and active interest. Senator Kennedy has accepted the mantle of community economic development left to him by his brother, the late Senator Robert Kennedy. Senator Nelson too has actively worked to refine the Special Impact legislation, which was amended several years ago to include disadvantaged rural areas as well as urban ghettos.

So most of you know the CDC story. But it may be useful at this time, to reiterate the definition of a Community Development Corporation, and thus point up the differ-

ences between the concept of community-based economic development programs, Community Action Programs, and Minority Business Assistance Programs.

CDCs are local institutions controlled by and responsive to residents of a particular community. They are engaged in a multi-objective program for the development of that community, with primary emphasis on economic development as the foundation for community development. The program and activities carried out by the CDC is a two-fold one: First, the process of building *an institution to* carry out the development of the community, and second, a program of economic and community development activities. In a technical sense, the building of the local institution is an economic development activity.

If the intent of the legislation, to effect "the establishment of permanent economic and social benefits" is to be met, the CDC must become a viable on-going institution. The CDC is not just interested in economic development, but in a broad range of activities for community development. The economic development activity is the major focus around which the wider range of community development activity takes place. This activity may include social and physical development efforts—housing, health care, child care, and public works programs.

It is important to understand that the CDC is more than just a tool for economic development. The CDC involves itself directly, and encourages other community agencies to become involved in a whole range of community activities, responses, interactions and relations directed toward the improvement of the quality of the economic and social participation in community life by community people.

Beyond this definition, it must be remembered that no two CDCs are alike. While each will sit within this broad definition, each is a creature of its own environment, each built according to the perceived needs and desires of people in their own community. Those CDCs currently funded under Title VII demonstrate a remarkable variety in size, approach and ethnic make-up. They range in size from a small neighborhood in a medium-sized city, to 10 counties even an entire state. The CDC may take the form of a for-profit corporation, a not-for-profit corporation, or a cooperative. The CDC is an institution but also in most instances is a group of interrelated institutions.

In its simplest form it is the basic corporation, plus one or more owned ventures. A complex CDC may include the basic corporation, a foundation [501(c)3], a holding company, wholly- and jointly-owned ventures, and not-for-profit housing corporation.

The business programs run by the CDCs include: planning, management, training, financing and the investment in conventional forms of business enterprise. Community Development Corporations have lent money to individual entrepreneurs, they have entered into joint ventures with large corporations and they have initiated and opened wholly-owned enterprises.

Some CDCs represent a single ethnic group, some include several ethnic and social groups. The program directly serves Blacks, white ethnics, white Appalachians, Chicanos, Puerto Ricans, native Americans, Eskimos, and Hawaiians.

In testimony before this committee in 1972 it was stated that neglect of rural area development had forced people to leave rural America and swell the unemployment and welfare rolls of inner cities, and that policies to disperse the ghetto residents to the suburbs were met with very powerful resistance.

The CDC program has been an especially positive influence in rural areas. Change is evident in all rural CDC communities—in the Delta area of Mississippi, in rural, Northern Wisconsin, in the Appalachian regions of Kentucky, Virginia, and Tennessee, in the

During the five years that the program has been administered by OEO there have been a number of evaluations, probably the most significant having been that commissioned by OEO and conducted by Abt Associates, Inc. This evaluation concluded: "The Special Impact Program should be continued because it performs critical development functions not performed by other programs, and because it performs several other functions more effectively and efficiently than do other programs."

While CDCs are only part of the answer to the plight of people living in disadvantaged urban and rural communities, they may be the most important tool to work with. The special task of the CDC is to see all of the problems together—the whole picture of poverty in the neighborhood—and how the activity of the entire neighborhood, its organizations, and its individuals can fit together in an over-all and comprehensive development approach.

The special role of the CDC, by legislative mandate, is to be a multi-purpose community tool to carry out the development programs and policies that the community wants—and to get other organizations to participate in doing necessary parts of the job.

The CDC is also a vital link between established institutions and poor people. It is just beginning to realize its potential in this regard and on behalf of all the CDC directors and boards of directors, we urge that serious consideration be given to expansion of this program, both in terms of increased support for existing CDCs and the creation of new ones.

In areas such as mine, where CDCs work hand in hand with Community Action Agencies, serving the same constituency—the CAA and addressing the social, educational, health and welfare needs, and the CDC, while concerned with the overall plan, more specifically addressing the economic development and physical rehabilitation of the neighborhood; minority business assistance programs, like those funded under OMBE and SBA can play a significant part in assisting individuals in the "Impact Area" who wish to operate small businesses of their own. Ideally, this assistance should be coordinated with the CDC, taking into consideration that such resources are only a small part of the overall economic development plan of the community.

I would like to take this opportunity to point out the critical distinctions between the CDC program and the OMBE programs.

Minority entrepreneurship programs are aimed at assisting minority businessmen with their problems and providing loan money. The Community Economic Development programs and the CDCs are catalysts that pool the resources and talents of the low income communities and combine them with outside financing and assistance. The unique advantages of the CDCs are that they provide a vehicle for mobilizing resources; they provide a point of contact through which those outside the poverty impacted area can help. And they permit the development of the comprehensive planning which links business development with: housing, manpower training, Health Maintenance Organizations, transportation projects, water and sewage projects, and other on-going governmental efforts which seek to maximize the impact on the low-income community.

What I have said should not be interpreted to mean that minority entrepreneur programs should not receive continuing support. Non-white businessmen have been systematically discriminated against for generations and compensatory programs of financing and technical aid are very much in order. It should be kept in mind, however, coastal regions of Washington, and Alaska. that there have been many administrative pitfalls in the handling of these traditional loan programs. In addition to the bureaucratic difficulties, this approach as an exclusive way to build the ghetto economy is ultimately self-defeating in that it concentrates too often, on mom and pop stores, and is therefore subject to high failure rates. More important, it does little for the disadvantaged. Entrepreneurs are not usually poor people and to require that small ghetto businessmen hire and train the unemployed, puts a crushing and unfair burden on them. Thus, a program of individual aid to small businesses, does not permit the wider range of comprehensive progrmming that is essential to economic development, nor does it help very much in providing institutions through which individuals interacting in the complex business development process can support and reinforce each other.

Nor do I mean to say that minority entrepreneurship and industrial location programs are not important ingredients in an economic development program. Independent, small and moderate sized businesses are essential elements in an urban economy. And outside firms can produce employment that is so much needed. But they are not sufficient.

In testimony on H.R. 10023 given last fall before the House Poverty Sub-Committee in favor of transferring the CDC program to the Office of Minority Business Enterprise within the Department of Commerce, Mr. Alex Armanderis, Director of that Office, himself recognized the differences between the two programs:

"While I have discussed so far similarities between the Special Impact Program and the OMBE program, it is essential to note the different objectives of the two programs. . . . The primary objective of the Special Impact Program is the economic revitalization of low-income communities. Its efforts are directed at specific low-income communities, while OMBE assists minority entrepreneurs whether they locate in a low-income community or in a suburban shopping center."

We are here today to address all the legislation you have before you—S. 3798, 3870, and H.R. 14449.

We did not have the opportunity to appear before the House Committee on Education and Labor or its Poverty Sub-Committee, to testify on H.R. 14449. We did, however, submit a statement to the Committee and we expressed to certain members of that Committee our support of H.R. 14449 which would transfer the Special Impact Program to the Department of Commerce. We did so because it appeared at the time that a move to the Department of Commerce was preferable to a move to the Department of Health, Education and Welfare, which we were told, was the alternative.

However, we expressed to numerous members of the staff of the House Committee our concerns regarding the language of the bill. H.R. 14449 does not give the Community Economic Development Program the autonomy within the Department of Commerce that we believe is essential if the program is to maintain its integrity and continue to carry out the intent of the Congress—namely to work under the direction of residents of the community in the planning and implementation of a comprehensive plan for the economic development of the community.

Thus, while an agency to coordinate all programs for the poor, separate from the administrative constraints and priorities of any existing federal department is and has always been the CDCs' priority option, nevertheless, if this Committee recommends

to the Senate a transfer of existing OEO programs to other departments, the CDCs hope the Committee will see fit to place the Community Economic Development in the Department of Commerce—but with the full understanding that it will be administered as a separate entity from any other economic development or minority business assistance programs.

While we believe a transfer is premature at this time, if the Committee decides to make such a recommendation, we will look forward to working with members and their staffs in developing legislative language that will insure autonomy within the Department of Commerce, and preclude any possibility of the program being combined with OMBE Programs, or any other programs.

We request that the record be held open so we may submit a draft of the language we would recommend incorporating into transfer legislation.

In keeping with our resolution to support the continuation of an independent agency to administer poverty programs, we give our full support to S. 3798 because it provides for an integrated Federal, State and local approach to solving the problems of poor people.

Looking at it purely from the CDC perspective, it is very responsive to the community economic development program in that it provides for the creation of certain mechanisms that will undoubtedly facilitate realization of the board objectives of the Special Impact Program, namely:

Creation of the National Intergovernmental Review Board for encouraging Community Partnership Agreements;

The Community Economic Development Resources Committee for maximizing cooperative efforts to coordinate the resources of the Federal and private sectors in comprehensive community development programs; and

The Model Domestic Economic Development Finance Corporation—a refinement of the Development Bank concept outlined in the original legislation but never funded.

And we applaud the authors of this legislation for recognizing that the funding level of the Community Economic Development Program must be significantly increased if it is to adequately sustain existing CDCs and insure proliferation of the program.

We have, however, certain administrative concerns that are not specifically addressed by the legislation before you. We urge the Committee to develop language that will more adequately interpret the intent of the Congress and clarify these points.

First, we are very concerned that all Federal departments are moving toward decentralization of their programs. We feel very strongly that the Special Impact Program should be administered nationally, and not regionally. It requires an understanding not easily reached and oversight and monitoring requires more familiarity with the program than could be reached by a regional office which administers only one or two CDCs.

Second, we are concerned that requirements have been placed on CDCs to become self-sufficient before they have had adequate time to build a self-sustaining local institution and before they have had the level of capital input necessary to make a sustained impact. It is not possible to predetermine when a CDC will have this capability. Circumstances of size, internal and external resources, and strategy vary so much from CDC to CDC that no single policy approach is applicable. It should be the choice of each CDC to determine whether self-sufficiency is to be a goal and agree on it with the funding agency.

Third, we urge that continuing evaluations of the program take place and that they be carried out in such manner as to be adequate for making objective value judgments about the Community Economic Development Program, specific CDCs, and specific strategies.

To be an accurate reflection of the program's effectiveness, it will be necessary for an objective data collection agency (like the Census Bureau) to collect statistics on the neighborhood level, being sure that they are comparable from year-to-year and decade-to-decade. It is necessary that persons who have had first-hand experience in a CDC be included among those conducting the evaluation; that all aspects of the CDC are considered in the evaluation—even those difficult to measure, social and community development aspects, that the fact of the creation of a new local institution, the CDC, be given fuller consideration; and that each CDC be evaluated individually on the basis of whether it has succeeded or failed to meet a set of clearly defined goals for a given community.

Fourth, we urge that financial assistance be provided for comprehensive community development as well as purely economic development activities. It is important that the CDC be able to participate in social development activity and programs. The CDC is engaged in the process of creating an institution. This process requires that the CDC deal with as broad a spectrum of the interacting movements and processes in the community as possible. We urge that in its report the Committee give its attention to the social goals it believes are reasonable for CDCs to set forth. This aspect of the program is addressed in S. 3798, as well as in the existing legislation, but has never been carried out to a significant degree, because of restraints imposed by the funding level.

I appreciate the opportunity to appear before you today and my colleagues and I will be happy to respond to any questions you may have.

STATEMENT OF MANUEL D. FIERRO, PRESIDENT, RAZA ASSOCIATION OF SPANISH SURNAMED AMERICANS, AUGUST 8, 1974

Mr. Chairman and members of the committee, my name is Manuel D. Fierro. I am the president of Raza Association of Spanish Surnamed Americans (RASSA), a national, non-partisan spanish speaking citizens' lobby.

In behalf of our 26 member board of trustees and the 54 participating national and local spanish speaking organizations, we want to thank you for the opportunity to appear before you today to express our concerns over the proposed legislation, (H.R. 14449, S. 3798 and S. 3870) that will continue existing federally funded programs that were created by the Economic Opportunity Act of 1964.

Accompanying me today are three gentlemen who have unsurpassed knowledge and experience in those specific program areas which this legislation addresses itself to. Dr. Leonard Meastas; child development specialist, author, and founder and director of the Juarez-Lincoln Graduate School of Education in Austin, Texas; Mr. Leveo Sanchez, president, Development Associates, Inc., former regional administrator of OEO and chairman of the board of the Hemisphere National Bank, Washington, D.C.; and Mr. Pete M. Mirales, national consulting and the former director of the OEO migrant division, Washington, D.C.

Before getting deeply into the main concerns we are here to express, I would like to give you a quick profile of the Spanish speaking population of this country so that our concerns might be better understood in their proper perspective.

Over 33% of all Spanish speaking families live at poverty levels on incomes of less than $3,000 per year.

The unemployment rate for the Spanish speaking male is 7.7% compared to 5% for a non-Spanish white person.

The education level of the Spanish speaking is four years below that of the Anglo.

The Spanish speaking school dropout rate is twice the national rate.

Only 31% of the Spanish speaking complete high school compared to 58.6% for non-Spanish whites and 34.7% for blacks.

18.3% of Spanish speaking homes are headed by females.

Only 12% of the Spanish speaking employed are in professional and managerial jobs.

A census bureau survey released yesterday shows the purchasing power of Spanish origin was unchanged from 1969 to 1973, while it increased 4% for the entire country.

The list is endless but for the sake of time I will include an addendum that will give you a more specific demographic picture of our community.

In the United States, the Spanish speaking are the second largest minority, and as a minority, we have received more than our share of neglect and indifference by the administrators of the very programs you are proposing to continue that are currently authorized under the Economic Opportunity Act of 1964.

While we agree that the continuation of these programs is of paramount importance in strengthening our economically deprived communities, in providing community participation in program planning and in the offering of new approaches to problems of the working poor, we are still not at all convinced that the continuation of these programs will offer our community an opportunity to participate meaningfully and equitably with other low-income groups. Congress must come to realize that these efforts cannot be restricted to designated poverty areas alone. But must specifically address itself to such heterogeneous ethnic groups as the Spanish speaking, whose cultural heritage and language preclude their seeking welfare, despite their apparent need and who sustain their meager existence often through sweat-shop working conditions at wages below minimum standard.

Mr. Chairman, and Members of the Committee, the Spanish speaking community is profoundly skeptical that the programs you are proposing to continue will ever do much to eradicate the hunger and poverty that they have always known and continue to know today. There has been a lack of understanding and commitment to the unique problems of our community, and the dismal amount of funds that have trickled down to the barrios reinforces this belief. This skepticism is not without merit.

The Head Start program was appropriated over $400 million last year of which only $4.2 million was expended on migrant Head Start programs, serving approximately 3,200 pre-school migrant children or less than 2% of those eligible. Compare this to the 15% non-migrant children eligible that were served nationally by the Office of Child Development.

The community economic development program, with a budget of over $39 million has funded over 30 community development corporations throughout the country. Yet, only five are to Spanish speaking organizations. This past year six new CDC's were funded, only one was a Spanish speaking organization.

Two weeks ago, an attempt to amend the Agriculture Appropriations bill to increase the appropriations from $5 million to $17.5 million for farm labor housing failed in a voice vote in spite of the fact that an FmHA report documented the need for more than 130,000 units.

The recent defunding of the bilingual children's television program by HEW, after its proven success and demonstrated quality programming.

In a more recent example an Anglo con-

tractor was awarded a $1 million contract over a Spanish speaking firm, in spite of the fact that the Spanish speaking firm's bid was $142,000 less than the Anglo firm receiving the contract and who had no previous experience in the subject area.

This past week the U.S. district court sustained a request for a temporary restraining order against HEW in order to determine to what extent HEW violated its own Federal procurement regulations.

The uncertainty of continued funding for the League of United Latin American Citizen's National Education Service Program, in *spite of the demonstrated* need to enhance the accessibility of post-secondary educational opportunities for Spanish speaking students.

The incidents I have just outlined are not isolated ones. They are just a few of the almost daily occurrences that our Spanish speaking community is continually subjected to.

This is not to say, Mr. Chairman and members of the committee, that these programs have been a total failure. Those communities and organizations that were fortunate enough to have received Federal funds have demonstrated their effectiveness in achieving good results. We cannot deny the importance of many of the services that have been provided our communities' children and families. In some instances, the delivery systems that were developed for providing these services have been the only ones available in many of our communities and we are thankful for that. But you cannot continue to ignore the social and economic needs of our community, and neither will the problems be eliminated with age-old remedies and no additional funding for new programs.

The proposed legislation before this committee continues programs currently authorized under the EOA. The Spanish speaking community in recent years has begun to take better note of the existence of these programs and the services they can provide in assisting to alleviate the intolerable conditions that exist in our barrios. But there are no new programs being proposed nor additional funds to start new projects. The realization of these facts has caused and is causing a great deal of frustration and skepticism in regard to programs such as are being continued in this legislation.

Mr. Chairman and members of the committee, it is critical that this committee assert itself and bring about some fundamental and institutional changes that will begin to resolve the dilemma of the Spanish speaking. The movement to respond to the urgent needs of the Spanish speaking has made significant gains in the Congress in the past few years. The recently passed bilingual education amendments contained in the Elementary and Secondary Education Act of 1974, the inclusion of migrants and seasonal farm workers and limited English speaking in CETA affirmed Congress' commitment to the Spanish speaking. It is for these reasons that we appear before you today to make recommendations to the proposed legislation. However, I want to emphasize to the committee that our central issue is not whether these programs are to be continued in an independent agency, which we support, or under the guise of HEW, but how are these programs to be continued.

Mr. Chairman, we strongly support the continuation of the programs currently authorized under the EOA with the following recommendations. These recommendations would require additional authorizations or the adding of new language to the proposed legislation before this committee.

1. That the definition of the terms "disadvantaged", "unemployed" and "underemployed" used in the EOA to describe persons who can qualify for services be further defined to include but not be limited to:

"Persons who suffer in the labor market because of their limited speaking, reading and writing abilities in the English language."

HEAD-START/FOLLOW-THROUGH

1. That a Bureau of Migrant Affairs be established within the Office of Child Development to adequately serve the needs of migrant pre-school children, and that this office be authorized an appropriation of no less than 5% of the total head-start budget.

1a. Justification: Less than 2% of those eligible pre-school migrant children are currently being served with a $4.2 million budget. The present office, the Indian and migrant program division was administratively created without a specific budget. The establishment of such an office will insure that migrant pre-school children will be adequately served.

2. That the following new language be added to the head-start and follow-through programs so as to,

"Provide that special assistance be given to the needs of persons of limited English speaking ability (as defined in Section 703(9) of Title VII of the Elementay and Secondary Education Act of 1965), by providing bilingual head-start and follow-through programs in which instruction is given in English and to the extent necessary to allow such children to progress effectively through the head-start and follow-through program, in the native language of such children, and such instruction is given with appreciation for the cultural heritage of such children. That the secretary be authorized to expend such sum of money as may be required for this program."

3. That the following new language be added in the research and demonstration programs in the Head-Start and Follow-Through program so as to,

"Provide a program of research and needs assessment in the field of bilingual education in order to enhance the effectiveness of the Head-Start and Follow-Through programs carried out under this act and other programs for persons of limited English speaking ability."

4. Provide for the inclusion of individuals of limited English speaking ability as defined in section 703 (9) of the Elementary and Secondary Education Act of 1964.

COMMUNITY ECONOMIC DEVELOPMENT

1. That the authorizations of appropriations for the continuation and the development of new community development corporations be increased to $50 million in fiscal year '75, $84 million in fiscal year '76, and $156 million in fiscal year '77, and $156 million in fiscal year '78.

2. That new language be added in the statement of purpose so as to,

"Provide financial and other assistance to start, expand or locate business in or near the area served so as to provide employment and ownership opportunities for residents of such areas, and programs including those who suffer in the labor market because of their limited speaking, reading and writing abilities in the English language."

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1. That the followng new language be added in the statement of purpose so as to,

"Provide for the inclusion of individuals of limited English speaking ablity as defined in section 703 (a) of the Elementary and Secondary Education Act of 1964."

SPECIAL PROGRAMS FOR MIGRANTS AND SEASONAL FARMWORKERS

The administration of programs currently authorized by title III-B of the Economic Opportunity Act of 1964 have transferred to the Department of Labor. Part B of title II of H.R. 14449 provides that the Department of Labor retain responsibility for these programs. However, I want to state clearly that this concurrence by the House is the second step in converting all the presently funded migrant programs into a single dimensional Manpower model.

Mr. William Kolberg, Assistant Secretary for Manpower, reaffirmed to Congressman Edward Roybal on January 3, 1974 a pledge that he had made to Senator Nelson that DOL had no intention of converting the farmworker programs into a single dimensional Manpower model. Yet in their published guidelines of July 25, 1974, they specifically emphasized the Manpower model. Additionally, the guidelines spell out the future of migrant programs. 20% of the $54 million will be handled at the national level and 80% of these funds are to be used by the States. This to me, gentlemen, is revenue sharing, and the demise of the present program sponsors, which are migrant and farmworkers themselves.

Mr. Chairman, I have enclosed "a position paper on the establishment of a national office for migrant and seasonal farmworkers" with responsibility for the coordinated administration of all national migrant and seasonal farmworker programs. I sincerely hope that this committee will give adequate consideration to our proposal before we see the last of the migrant programs.

Mr. Chairman and members of the committee, again I want to thank you for the opportunity to appear before you today and express our concerns over the proposed legislation. Muchisimas Gracias.

APPENDIX I

THE MIGRATORY AND SEASONAL FARMWORKER CONDITION

I. OVERALL NEEDS OF FARMWORKERS

The food industry is America's biggest business. The production end of that business, agriculture, depends upon a labor system which still bears the markings of its historical antecedent, slavery.

Farmworkers constitute a unique poverty class: their employment is sporadic, low-paying, and subject to the unpredictable vicissitudes of weather conditions and technical advances. They are virtually excluded from the benefits which industrial workers enjoy: minimum wage legislation, collective bargaining rights, unemployment insurance, workmen's compensation, child labor regulations, and decent working conditions.

Both seasonal and migratory farmworkers tend to receive minimal community services, but migrant farmworkers, as a result of their mobility, are essentially citizens of no communities and consequently benefit from almost no local programs or services. Residency requirements often aggravate their exclusion.

As if their plight as agricultural laborers were not already calamitous, the mechanization of agriculture is displacing the number of farm labor jobs at a geometrically increasing rate. The effect of this mechanization seems to be that farmworkers work fewer days, rather than that there are fewer farmworkers. Consequently, the relatively constant number of farmworkers work fewer man-days and earn less. The median annual income for farmworkers in 1971 was $2,000 (including income derived from non-agricultural work during off-season).

Target population

Family size—means, 7.0; median, 6.4; mode, 6.0.

Social characteristics—Ethnic background: Approx. 75%—Mexican-American; Approx. 15%—Black; Approx. 10%—Indians, Anglos, Puerto Rican.

(Note: These "ethnic background" figures are only estimates, since there is no data to yield accurate information.)

Education: Lowest of any occupation group med. years school completed—7.7;

functional illiteracy rate—all farmworkers—17%; among migrants—66%.

Life Expectancy: 41 years.

Health:

Category:	Percent of Norm
Infant mortality	125
Maternal mortality	125
Influenza, pneumonia	200
T.B. and infectious diseases	260

Occupational hazards

Pesticides:	
Deaths per annum	150
Nonfatal poisoning:	
Children	3,000
Adults	400
Per annum total	3,550

Occupational accidents:

Farmworkers make up 7% of work force, but account for 22% of work-related accidents.

Occupational accident rate: 300% of norm.

Legislation

Farmworkers receive:

I. No coverage under: Workmen's compensation, unemployment insurance, temporary disability insurance, industrial safety laws, National Labor Relations Act.

II. Minimum coverage under: social security, Wagner-Peyser housing regulations, child labor laws, minimum wage.

Social programs

Farmworkers receive little or no benefits from: Medicare, medicaid welfare, food stamps, commodities, Federal job training programs, voting regulations, Federal child care programs.

Program strategy

A. Alternatives to Farm Labor: Business enterprises, jobs, education leading to jobs.

B. Mobilizing resources.

C. Farmworker control of programs.

D. Community stability and settling out.

E. In-stream services.

APPENDIX II

A POSITION PAPER SUPPORTING THE ESTABLISHMENT OF A NATIONAL OFFICE FOR MIGRANTS AND SEASONAL FARMWORKERS WITH RESPONSIBILITY FOR THE COORDINATED ADMINISTRATION OF ALL NATIONAL MIGRANT AND SEASONAL FARMWORKER PROGRAMS

Under the present structure of the federal government, the categorical programs presently delivering services to migrant and seasonal farmworkers are diffusely spread throughout several departments and agencies of the federal government (HEW, DOL, OEO, HUD, DOA). This has resulted in the lack of a unifying philosophy, ambiguity in the definition of federal organizational missions and priorities, lack of substantive coordination among its members, outright duplication among programs and jurisdictional rivalry among agencies.

Furthermore, the federal perception of the population-at-risk is at best nebulous, there being as many definitions of "migrants" and "farmworkers" as there are categorical farm worker programs. Definitions have grown from programmatic sources which are based on the travel function, while ignoring the fact that the problems are the same whether the worker is in-stream, in a home-base situation, or attempting to leave the stream. This multiplicity of federal definitions has:

a. made coordination of programs difficult.

b. created non-comparable data bases for each program thus making evaluation of total programmatic impact impossible, and

c. varied the farmworker's eligibility for benefits in a manner which deprives him of services when his need is greatest.

Consequently, the federal expenditure of millions of dollars in farmworker programming in the last several years has not significantly benefitted the target population.

Rationale for a National/Federal Migrant Office:

Already among the most deprived in terms of health, education and social conditions, farmworkers face a constantly expanding crisis of unemployment due to the rapid mechanization of agribusiness. Past experience suggests that state and local governments are either unwilling or unable to meet the needs of farmworkers:

Residency requirements for social programs in some states prohibit their serving this mobil population.

Since farmworkers move through a number of states and regional jurisdictions, responsibility for meeting their needs is commonly shirked by any given area with the consequence that there is no firm focus on non-federal levels.

The documented lack of social opportunity and health and education resources in rural areas makes it difficult for state and local governments to meet the needs of many rural residents. Consequently, migrants and seasonal farmworkers are at the bottom of the list of priorities.

The GAO report, "Impact of Federal Programs to Improve Living Conditions of Migrants and Other Seasonal Farmworkers" is another example.

Based on these concerns, the creation of a National Office for Migrant and Seasonal Farmworkers seems to be the most feasible alternative to developing and facilitating a single comprehensive strategy to meet the needs of the migrant and seasonal farmworker through the federal government.

Combining the categorical programs presently delivering services to the migrant and seasonal farmworker under a single administrative office can stress the interrelation of program areas as they affect the individual and family. This will focus on the inter-relationship between these programs in such a way that was not previously possible and will provide increased responsiveness to special concerns in each area. With one national office having the responsibility of federal activities, decisions involving the most effective allocation of resources and deployment of funds will be made at the national level by one single agency. This is in contrast to the present system which attempts to resolve migrant and seasonal farmworkers' problems with a multitude of government agencies and departments (see objective and programmatic functions of the National Office for Migrant and Seasonal Farmworkers).

Rationale for creation of the National Office for Migrant and Seasonal Farmworkers in a Federal department other than the Department of Labor—DOL.

Because of the comprehensive social, educational, and environmental nature of farmworker problems and the incompatibility of most migrant programs with those presently being undertaken by DOL, creation of such an office in a governmental agency other than DOL is recommended.

Migrant programing includes a wide range of activities such as day care, emergency food and medical assistance, health, education, manpower, housing, etc. The DOL's focus is limited in scope, i.e., manpower. Thus, the total migrant and seasonal farmworker program deficiencies could be overcome in an agency other than DOL.

In the formulation of this document, numerous inquiries were made with migrant program staffs, grantees, and migrant and seasonal farmworkers and the result has been this draft.

In summary, the National Office for Migrants and Seasonal Farmworkers will require its own authority, resources, and flexibility. Such development of a single comprehensive strategy might be organized along the following lines:

Creation of this office should be done through Congressional legislation rather than Executive Order or merely the acceptance of a transfer of programs.

Creation of a regional structure under NOMSF for those regions currently having programmatic responsibility for migrants.

Delegation of current migrant and seasonal farmworker administrative and programmatic responsibility presently in other departments and agencies to NOMSF.

Designation of NOMSF migrant task force to begin working out the process and mechanism for the implementation of such strategy.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. McCLURE. Would it be the Senator's intention to have the amendment adopted at this time, and if so, would it be in order to ask that it be treated as original text for purposes of further amendment?

Mr. JAVITS. I yield to the chairman on that. I think we would be perfectly willing.

Mr. NELSON. We have no objection to that on this side.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment in the nature of a substitute be treated as original text for purposes of amendment.

The PRESIDING OFFICER. Is there objection? Without objection, the amendment in the nature of a substitute is agreed to, and will be considered as original text for the purpose of further amendment.

TRADE REFORM ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent now that the Senate return to the consideration of the trade bill, H.R. 10710.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

H.R. 10710, a bill to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

The PRESIDING OFFICER. Is there objection to the consideration of the bill? Without objection, the Senate will proceed to its immediate consideration.

The Senate continued with the consideration of H.R. 10710.

ORDER FOR EXTENSION OF TIME TO FILE CONFERENCE REPORT ON H.R. 14214

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to file for printing until midnight tonight the conference report on H.R. 14214.

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

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

The Senator from Mississippi is recognized.

SUPPORT OF THE VLADIVOSTOK AGREEMENT ON STRATEGIC WEAPONS

Mr. STENNIS. Mr. President, I shall not detain the Senate for but a few minutes. I do think I ought to say something with reference to the informal agreement that has been had with Soviet Russia by President Ford regarding nuclear weapons. There is a great deal being said about it, and all the detail facts are not in, and the formalization of this proposed treaty has not been had, but I base my remarks on the assumption that the matter, as announced by President Ford, the agreement, preliminary in nature, will develop formally along the same substantial lines that he has outlined.

Mr. President, in the coming weeks and months this agreement between President Ford and the Soviet Union will be the subject of extensive discussions, even though a congressional decision will not be required until the comprehensive agreement is submitted to Congress, hopefully in 1975, for ratification.

Mr. President, I fully support this preliminary agreement as announced, and I hope that President Ford will receive growing public support in this historic effort to limit the strategic arms.

Naturally, I would have preferred lower ceilings on the strategic weapons for both countries, and I continue to hope that the vast arsenal of strategic weapons in both the United States and Soviet Russia can be mutually reduced in the future on an equality basis.

This agreement, in establishing an overall ceiling on two vital elements in our strategic arsenal, will be a framework within which more extensive arms limitations can be achieved.

This announcement, therefore, is a critical step.

Mr. President, I felt for a long time, until some boundary lines could be established, or we may call it a ceiling or a top, until those would be established we would not be making substantial headway.

Of course, this agreement had to be preceded by a more preliminary one.

WHAT DOES THE AGREEMENT CONTROL—TWO ELEMENTS

This agreement places a limitation or ceiling on two elements of the strategic systems of the United States and the Soviet Union. The first is the limitation of 2,400 strategic delivery vehicles which include land-based and sea-based intercontinental ballistic missiles and strategic bombers.

Expressed in a more down-to-earth way, they include our land-based ICBSs and our sea-roving missiles like the Poseidon, as carried by the Poseidon submarine, and strategic bombers.

The second element is the limitation of 1,320 on strategic missiles which may be armed with multiple independently targeted warheads, that is, MIRVed missiles.

Spelling that out just a little more, it just means that 1,320 of these missiles, from whatver source propelled, may have independently targeted smaller bombs or weapons on them—targeted toward many places all in the same firing. Several different cities, say within a reasonable range could be targeted from the same rocket.

NEW PRINCIPLE OF EQUALITY IN NUMBERS

Mr. President, as we well know, the interim agreement of SALT provided for greater Russian numbers of certain strategic weapons in compensation for the U.S. qualitative advantage in these systems.

For the first time, this agreement establishes identical numerical ceilings for both sides with respect to strategic delivery vehicles and the number of MIRV missiles. This equality in numbers is an improvement from the interim agreement and is a sound basis on which to build further limitations in the future.

OTHER FAVORABLE ASPECTS OF AGREEMENT

In addition, the agreement has the advantage of being simple in covering those systems which are the heart of the strategic arms race. It overcomes a number of hurdles that have complicated negotiations up to now. Included in these hurdles have been arguments over whether recognition should be given to the side which has the greater technological advantage, possible geographical advantages which affect strategic systems, whether the capability of allies should be taken into account and whether the so-called forward-based nuclear systems should be taken into account. All these issues were set aside. This agreement, therefore, represents great progress from the standpoint of negotiations.

NO JEOPARDY TO U.S. SECURITY

The strategic security of the United States is based on the TRIAD, consisting of our heavy bombers, land-based missiles, and nuclear submarines. The TRIAD will remain intact and undiminished by this agreement. The United States will not have to reduce its strategic force by one single bomber, or one missile—land-based or sea-based. Under the agreement, the United States will have the flexibility to improve the quality and alter the mixture of its strategic forces. Moreover, it will permit the completion of every new strategic weapon system the United States now plans to build. This is due to the fact that the United States long-range planning does not contemplate more than 2,400 strategic delivery vehicles.

Now, this delivery vehicle, as used here, refers to carrying vehicles that can deliver the weapon on target.

The Russians, on the other hand, have already reached the allowable level of 2,400 strategic delivery vehicles and will therefore be compelled to reduce slightly their number in order to come within the terms of the agreement.

The issue can be raised as to why this agreement has any value if no significant reduction is to result. The great virtue is that this is a numerical ceiling, the absence of which could compel both sides to engage in an accelerated arms race and exceed the overall ceiling of 2,400, at enormous national cost to both sides.

Someone has said that this will create an arms race. It will not create an arms race. We are already in an arms race, and we have been in it for a long time without any agreed ceiling, of boundary lines of any kind, and this agreement does take that necessary, highly important step forward.

Mr. President, without this agreement the additional cost to the U.S. defense budget could be as much as $4 billion per year. I prefer that to the additional cost. This result is due to the fact that the Russians both could, and probably would, build up their strategic systems in excess of the 2,400 ceiling which would necessitate an additional buildup by the United States to compensate for the added Russian numbers.

I would emphasize that President Ford has stated that as a result of this agreement no major increases in U.S. strategic spending, other than for inflation, will be necessary in the future.

Well, we cannot guarantee a dollar figure of anything like that, of course, but it is a committal here that nothing except ordinary increases because of inflation and related matters, or really purely research, is contemplated.

CONCLUDING OBSERVATIONS

Mr. President, this agreement is a start and of course does not cover all of the elements with which strategic warfare can be conducted. Recognizing that there are many details and negotiating problems to be resolved, the agreement is nonetheless an important start. I feel that both nations do want an agreement, and this being the case, I am optimistic that one can be reached.

Now, we could all be mistaken, of course, in that surmise or in that fact.

If these negotiations succeed, it is my hope and belief that there will be a good chance that further negotiations could be undertaken which would lead to a mutual reduction in all elements of strategic capability.

Another one of my chief concerns, Mr. President, is the growing and spreading capability of many foreign nations, large and small, for developing nuclear weapons capability. This growing proliferation poses a most serious threat to world civilization.

If we can somehow stabilize United States and Soviet strategic weaponry by concluding a comprehensive arms limitation agreement, it will hopefully be a basis for controlling and reducing this capability among other nations.

Along with many other citizens I had hoped, too, that the new agreement in itself would cause a reduction in defense expenditures.

I was disappointed that the first agreement did not carry this possibility of a reduction in the defense expenditures, but I am not surprised that this one does not. I understand the problem better and have been into it deeper. I really was

not expecting any agreement at this time that would cause any appreciable reduction in expenditures.

There is, though, a sound hope that the agreement, if carried out as announced, will result in preventing an increase. We have to do that first, and then take the next step, if possible.

Because this agreement is an arms limitation rather than an arms reduction, we can expect no actual reduction in defense expenditures now because of this agreement. It might work out a little better than that, but this is not a disarmament. I would not favor a disarmament in world affairs as conditions are now. It would be a dangerous thing. We could not afford to take such a chance.

This has been, all the time, an arms reduction effort, and an arms limitation effort. This agreement is not a reduction, necessarily, but a limitation, to define some limits. That is what this agreement has done.

I am a fact man. I like to know the facts. We could develop some surprise facts. I would like to count those for others. I have learned most of what I know here in the Senate, and I have learned from other Senators. But man is born with some commonsense, and has teachings from his parents or someone in their place, before he ever goes to the Senate. I think that commonsense and logic, and the down-to-earth qualities about this agreement, are what sell it. You do not have to be a scientist or a technician to measure this one.

This is the approach that I have been looking for that we could take because it has something to stand on.

The American people should also remember that our present arsenal of nuclear weapons and delivery systems, capable of placing nuclear weapons on target, are the most advanced in the world, and are now capable of destroying any given number of targets that we may choose.

We do not want to choose to destroy any, but if driven to it we have the capability.

This capability is not confined either to any one particular kind of weapon or delivery system, but is based on a wise mixture of what we call the TRIAD of land-based and sea-based missiles and heavy bombers.

Under the present plans, we, of course, expect to keep it that way—the TRIAD of land-based and sea-based missiles, as well as the heavy bombers.

For well over two decades the United States strategic policy has been one of nuclear deterrence, which means the capability to mount an effective nuclear counterattack against Russia or any country in the event the United States should be attacked first. This agreement will not affect this capability.

Also, we shall be free to continue to develop our research and technology in this field of weapons.

This agreement, as now outlined, has been discussed with the Chairman of our Joint Chiefs of Staff. He assures me that he and the Chiefs of Staff of all the services approve the agreement as outlined.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. STENNIS. I am happy to yield.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my request not interrupt the continuity of the Senator's statement.

I ask unanimous consent that during the rest of the day Senators may speak out of order for not to exceed 30 minutes, and the limitation on time not apply to the distinguished Senator from Mississippi (Mr. STENNIS) who has already begun his remarks.

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

Mr. STENNIS. I thank the leader very much, advising me, too, in such a smooth way that maybe I am out of order. I did not mean to be. I received permission from such of the leadership as could be here at that time, and also the Presiding Officer.

The PRESIDING OFFICER. The Chair, by virtue of the order, has officially recognized that the Senator is not out of order.

Mr. STENNIS. I thank the Chair.

Mr. ROBERT C. BYRD. It was not my intent to object.

Mr. STENNIS. I want to back our assistant floor leader as much as I can in his efforts over the years—bringing some order out of chaos here. He has given long and patient effort, and has greatly improved conditions on the floor.

Mr. ROBERT C. BYRD. I am sorry for the interruption.

Mr. STENNIS. Mr. President, I yield the floor.

The PRESIDING OFFICER. What is the will of the Senate?

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

CASCADE HEAD SCENIC-RESEARCH AREA, OREG.

Mr. HATFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 8352.

The PRESIDING OFFICER (Mr. CLARK) laid before the Senate the amendment of the House of Representatives to the amendment of the Senate to the bill (H.R. 8352) to establish the Cascade Head Scenic-Research Area in the State of Oregon, and for other purposes, as follows:

Page 3, line 24 of the Senate engrossed amendment, strike out all after "activities." over to and including "occurrences." on page 4, line 3, and insert: "Timber harvesting activity may occur in these subareas only when the Secretary determines that such harvesting is to be conducted in connection with research activities or that the preservation of the timber resource is imminently threatened by fire, old age, infestation, or similar natural occurrences."

Mr. HATFIELD. Mr. President, H.R. 8352 is a bill which was passed by the House of Representatives earlier in this session and was passed by the Senate on August 16, 1974, with an amendment in the nature of a substitute. The House has concurred in the amendment of the Senate with an amendment which is technical in nature and does alter the substance of the Senate version.

My colleagues are aware of the need for this protection, and Senator PACKWOOD and Congressman WENDALL WYATT have played key roles in securing passage of this important legislation.

The amendment of the House is acceptable to Senator PACKWOOD and myself as well as to the other Members of the Committee on Interior and Insular Affairs. Therefore, Mr. President, I move that the Senate concur in the amendment of the House to H.R. 8352.

Mr. PACKWOOD. Mr. President, I simply want to echo the sentiments of the senior Senator from Oregon, to thank him for the work he has done on this matter, and to thank Representative WENDELL WYATT, who is retiring this year, in whose district this area exists.

This is one of the last unspoiled estuary areas on the Pacific coast, and under the provisions of this bill, that section will be set aside as a scenic research area. It was principally U.S. Forest Service land, but this bill will guarantee its protection forever.

I thank my colleague for getting this measure through the Committee on Interior and Insular Affairs, and I am delighted to share in the passage of it.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon (Mr. HATFIELD).

The motion was agreed to.

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

DIEGO GARCIA

Mr. MANSFIELD. Mr. President, I feel compelled to speak out on the issue of Diego Garcia, the projected naval operating facility in the Indian Ocean. As we move toward the final days of this second session of the 93d Congress, Senators are receiving a great deal of pressure from both the Department of Defense and the Department of the Navy to approve $14,802,000 as a downpayment on naval facilities that will enable the Navy to operate carrier task forces from the island of Diego Garcia. In addition, the Air Force is requesting Air Force facilities o n Diego Garcia that will enable KC–135 tankers to refuel B–52's operating out of Thailand over the Indian Ocean. First of all, I would like to briefly give

you some background, both historical and legislative, which bear directly upon the Navy's efforts to make the island of Diego Garcia an operating base.

Diego Garcia is an atoll located within the Chagos Archipelago in the middle of the Indian Ocean approximately 1,000 miles due south of the tip of India. The heavily vegetated island consists of 6,700 acres with average elevations of 3 to 7 feet. It is horseshoe shaped with a 40-mile perimeter. The enclosed lagoon is 5½ miles wide by 13 miles long with average depths of 30 to 100 feet. The annual rainfall is approximately 100 inches. The U.S. Government became interested in Diego Garcia in the early sixties, particularly when the British Government announced that it was withdrawing its naval forces from Singapore and indications were made public that Her Majesty's Government intended to greatly reduce its Indian Ocean naval squadron. At about the same time, the Russian navy began operations in the Indian Ocean and making port calls to nations bordering on the Indian Ocean. It must be pointed out that for years the U.S. Navy has been traversing the Indian Ocean with carriers and other auxiliary combatants when the transfer of aircraft carriers was made to the Pacific Fleet.

Beginning in the early sixties, as aforementioned, with the announcement that the British were greatly reducing their naval activity in the Indian Ocean, the United States has in a more frequent manner stepped up its operations in the Indian Ocean and the Persian Gulf, which is a part of the Indian Ocean. At the present time, naval presence is maintained at Bahrein consisting of a supply ship and two destroyers. The Russians have not matched this naval strength. However, since 1968 the Russians have greatly increased their presence in the Indian Ocean, sometimes having as many as 30 combatant ships, which include a large number of minesweepers.

The United States some time in calendar year 1966 began negotiating with the British Government for a lease to establish a communications station and an operational base on Diego Garcia. This base was to be an austere logistic support activity which was mainly a refueling stop for naval units operating in the Indian Ocean. In 1965, the British formed the British Indian Ocean territory which comprises the Chagos Archipelago which, of course, includes Diego Garcia. The U.S. Navy stated that the selection of these islands was predicated on unquestioned United Kingdom sovereignty in the absence of a population. A bilateral agreement was signed in December 1966 between the British Government and the United States, which granted base rights for a period of 50 years to the U.S. Government to the Indian Ocean territory.

The Navy came to Congress in the fiscal year 1970 military construction program with a submission for the first construction increment of a proposed logistic facility on the island of Diego Garcia. The logistic facility was approved by the House and Senate Armed Services Committees and the House Appropriations Military Construction Subcommittee. When presented to the Senate, there was strong opposition from within the Senate Appropriations Committee to the United States becoming committed to another naval operation base within the Indian Ocean. Senator Richard Russell, chairman of the Senate Appropriations Committee at that time, was very much opposed to the United States committing the Navy to sustained operations within the Indian Ocean and so stated in committee meetings on a number of occasions. The Military Construction Subcommittee also strenuously opposed the appropriation of money to construct the operating facility, and the military construction fiscal year 1970 conference committee debated this matter through a number of meetings lasting over a 2-week period.

Finally, an oral agreement was reached wherein the Navy was to be instructed to come back in fiscal year 1971 for a new appropriation which would support only a communications station, and all of the logistic support facilities were to be deleted from the fiscal year 1971 program. The rationale at that time for the communications station was that, in time, the United States would have to withdraw from the main continent of Africa the large communications facility that the U.S. Government had at Asmara, Ethiopia. Kagnew Station Communications Center, Asmara, Ethiopia, is now being phased out and the Navy will centralize its African communications facilities at Diego Garcia.

In support of the fiscal year 1971 appropriations for the communications facilities on Diego Garcia, the Navy stated the following:

> The requirement to close the gap in reliable communication coverage which exists today in the central Indian Ocean/Bay of Bengal area was a major consideration in developing the initial concept for a support facility on Diego Garcia. Establishment of a communications support capability in this area is an immediate requirement and is a requirement which exists independent of the modest logistics support facility which was rejected by the Congress. The purely passive role and image of a communications facility should not raise the same concern of active commitment which had apparently been associated with the logistics support aspects of the original concept.

As previously mentioned, the Navy was instructed to come back in the 1971 military construction program with a communications package only and to all intents and purposes the logistic support facility was not to be a part of the package. In fact, it was specifically agreed that there would be no items which could in any way support a carrier task force.

In all of the communications and oral conversations that the subcommittee had with the Navy, it was indicated that the Navy would not use Diego Garcia as an operational base. Members of the subcommittee were reassured, when the fiscal year 1971 construction budget for Diego Garcia was approved, that the Navy did not intend to operate fleet surface units from Diego Garcia.

To bring Senators up to date concerning the fiscal year 1975 military construction authorization bill, H.R. 16136, which is still in conference, I will explain section 612 in the bill. This section precluded the obligation of any funds until the President of the United States has advised the Congress in writing that he has evaluated all military and foreign policy implications regarding the need for these facilities and has certified that this construction is essential to the national interest. Such certification must be submitted to Congress and approved by both Houses of Congress. This will assure the opportunity for full debate on the policy question of Diego Garcia.

I might say, parenthetically, that I consider this most prudent and realistic action for Congress to take. I wish to point out further that section 612 of the authorization bill was adopted by a record vote of 83 to 0 in the Senate.

The position of the House Armed Services Committee is that the administration should be given the authority to build the facilities in Diego Garcia but that, prior to the exercise of that authority, the President shall notify Congress of his intention and that Congress shall have 60 days to reject the blanket authority it had previously given to him. This procedure has heretofore been used too often by the Executive and acquiesced in by Congress. The negative power of Congress—the power to deny a change in the status quo—is turned on Congress itself. The burden of persuasion shifts away from those who desire action to prove the rightness of their cause. Congress must insist that the justification for a policy must be made prior to the grant of authority. It is exactly that insistence that was included in the military construction authorization.

It is my contention, as stated earlier, that the Senate position in the authorization bill is realistic and prudent and Diego Garcia, as a policy question, should first of all be thoroughly investigated by the Committee on Foreign Relations, then the question should be taken to the floor and the two Houses of Congress should be allowed to work their will.

On November 17, at a meeting in New Delhi of the 30 nations surrounding the Indian Ocean, a policy statement was issued unanimously that America and the Soviet Union should not escalate the arms race in the Indian Ocean and the area should be left in peace; particularly, all 30 nations opposed the United States building a facility on Diego Garcia. The cost of this naval base for both construction and equipment will amount to approximately $173 million; thus, as you can see, this $14 million plus $3.3 million is only a downpayment.

Within the Department of Defense we do have a difference of opinion as to how important the building of this base is to our national interest. The Navy says that it is imperative for the defense of the United States, particularly in keeping the oil routes open in the Indian Ocean. The CIA has stated that the buildup of the Russians, particularly in Somaliland,

is certainly not as extensive as outlined by admirals testifying for this project.

Mr. President, is this Southeast Asia and Vietnam all over again? It appears to me that our Government must have learned something about trying to be policemen for the World during our experience in Vietnam: 55,000 dead and 303,000 wounded men must certainly mean something to us. I respectfully submit that the United States cannot go on attempting to be a policeman for the world. And most certainly in my opinion, the construction of this operating base in the Indian Ocean is only a further effort by the Department of Defense to play the role of policeman in the Indian Ocean and to actively involve our military forces in the politics of an area that now wants to be left at peace.

Yet in the face of all the nations in the littoral area requesting that we not build up Diego Garcia as a naval base, there are those individuals in high places that contend we should go ahead in our own national interest with the building of this naval base. I ask the question—what really are our vital interests in the Indian Ocean besides gunboat diplomacy and "showing the flag"? Our presence in the Indian Ocean had no effect on the oil situation during the Yom Kippur war in October 1973; in fact, our naval vessels were completely cut off from Arab oil and the United States could do nothing about the Arab action.

In closing, there are a few points that I wish to make that I think have a direct bearing in my opinion upon whether or not Diego Garcia funding should be approved to build a naval base on Diego Garcia. In allowing this naval base to be built, I think Senators should be aware that they are actualy voting for a three-ocean Navy. It is my contention that this base on Diego Garcia could cost hundreds of millions of dollars. We already have an admission from the Navy of a cost of $173 million. Oh yes, the Navy will contend that the base will only cost $35 million but they are not telling the American people of the cost for salaries of the Seabees that are building the base, nor are they advising the Congress of the complete costs for the communications equipment and other machinery that will go into the making of this base.

I submit that all of the information I have in hand shows that the aircraft carrier is now obsolete with the technical advancement of the new cruise missiles and I might say, by way of explanation, that in the Mediterranean Sea, the Soviets always know exactly where our carriers are.

I state that for just this one time cannot the U.S. Government wait and really find out what the intentions of the Soviet Union are in regard to the Indian Ocean. All the reports I have indicate that the Soviet Union's naval activity is of a low order.

In summary, I would like to say that it appears to me that our Department of Defense is advocating a three-ocean Navy to station sailors 10,500 miles from home and putting obsolete carriers in the Indian Ocean, which are vulnerable and practically defenseless against new weaponry.

Are we building a naval base, a new Wake Island, that is completely, in time of crisis, indefensible?

Mr. President, in closing I am reminded of a very important incident that occurred on the floor of the Senate. Some years back when the defense appropriation bill was on the floor and the Senate was considering appropriating money for the Navy for naval landing craft—FDL's—the late great chairman of the Senate Appropriations Committee, Senator Richard Brevard Russell, said and I quote:

> If we make it easy for the Navy to go places and to do things, we will find ourselves always going places and doing things.

I remind the Senate in approving the building of a naval base on Diego Garcia that we will be making it easy for the United States to go to the Indian Ocean and more than likely that we will do things.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

H.R. 17505—ORDER FOR BILL TO BE HELD AT DESK

Mr. MANSFIELD. Mr. President, I ask unanimous consent that H.R. 17505, to rescind certain budget authority recommended in messages of the President, which has been passed in the House, I believe, and is now at the desk, be held at the desk pending further disposition.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

ORDER FOR CONSIDERATION OF THE TRADE REFORM ACT OF 1974 (H.R. 10710)

Mr. ROBERT C. BYRD. Mr. President, it will be necessary, during the remaining days of this session, for the Senate to operate on a multiple-track system.

The unfinished business until disposed of will be H.R. 10710, the trade reform bill.

Having discussed this request with the distinguished majority leader, the distinguished minority leader, and the distinguished assistant minority leader, and also with the distinguished Senator from Alabama, who is in the Chamber, I ask unanimous consent that on each day until the trade bill is disposed of, with the exception of Monday, for which an order has already been entered, that the trade bill become the order of business at no later than 1 o'clock p.m. unless, in the discretion of the assistant majority leader, after consultation with the minority leader or his designee, the assistant majority leader then acts to take the trade bill up earlier.

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

Mr. ROBERT C. BYRD. This will allow the Senate to transact other business up until 1 o'clock every day. The call for regular order cannot displace pending business prior to 1 o'clock. At 1 o'clock the trade bill would automatically come up.

Under the rules, it would be called up at any time after the morning hour by a call for the regular order. This would allow the assistant majority leader who, in the absence of the majority leader, will be working in an attempt to move the legislative process along, after consultation with the leadership on the other side, to set aside pending business before the hour of 1 o'clock, if necessary, on any day, and proceed immediately to the trade bill.

Do I have a correct understanding of what I have requested?

The PRESIDING OFFICER. That is the understanding of the Chair.

ORDER FOR CONSIDERATION OF ATOMIC ENERGY AUTHORIZATION BILL (S. 4033)

Mr. ROBERT C. BYRD. Now, Mr. President, I am going to propound a unanimous-consent request which I have not cleared with anyone.

There is an agreement on the Atomic Energy authorization bill. I do not know what our situation will be on Monday next after the debate on Mr. Rockefeller's nomination has played out.

There is no question but that under the rules, once Senators have stopped discussing the Rockefeller nomination, if they do so prior to the expiration of 5 hours of debate on Monday, the trade bill would automatically be brought up by a call for the regular order. Or at least it could be brought up. Am I correct?

The PRESIDING OFFICER. After we go into the legislative session, that is correct.

Mr. ROBERT C. BYRD. That is the reason why I said a call for the regular order. A call for the regular order in executive session would not bring up the trade bill.

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. I ask unanimous consent, Mr. President, that after the debate on the Rockefeller nomination on Monday next, if such debate does not consume 5 hours on Monday, it may be in order for the assistant leader to return to legislative session, and that it

be in order at that time to call up either the Atomic Energy authorization bill or the trade bill, and that if the Atomic Energy authorization bill were to be called up, the trade bill would be temporarily laid aside and remain in a temporarily laid-aside status until the close of business that day, or until the disposition of the Atomic Energy authorization bill, whichever is earlier.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Reserving the right to object—and I do not intend to object—there is a time limit, as I understand it, on the Atomic Energy bill. Is that correct?

Mr. ROBERT C. BYRD. That is correct.

Mr. GRIFFIN. One hour on the bill and 30 minutes on each amendment.

The PRESIDING OFFICER. That is correct. There is one exception to that. There is 1 hour on an amendment filed by Senator KENNEDY.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. ROBERT C. BYRD. Mr. President, I withdraw my request with respect to Monday.

I think I should state, however, that it may be advisable, based on whatever circumstances may obtain on Monday, at some point during the day, for the Senate to proceed to the consideration of the AEC authorization bill. We can decide that matter at that time. I make this statement so that Senators who will be managing the bill will at least be alerted that there is a possibility of that bill being called up on Monday.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS ON MONDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday next, after the two leaders or their designees have been recognized under the standing order, there be a period for the transaction of routine morning business, with statements therein limited to 5 minutes each, not to extend beyond 11 a.m.

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

AUTHORIZATION FOR THE SECRETARY OF THE SENATE TO RECEIVE MESSAGES FROM THE HOUSE OF REPRESENTATIVES DURING THE ADJOURNMENT OF THE SENATE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the adjournment of the Senate over until 10:30 a.m. on Monday next, the Secretary of the Senate be authorized to receive messages from the House of Representatives.

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

AUTHORIZATION FOR THE PRESIDENT PRO TEMPORE AND THE ACTING PRESIDENT PRO TEMPORE TO SIGN DULY ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the adjournment of the Senate over until 10:30 a.m. on Monday next, the President pro tempore and the Acting President pro tempore be authorized to sign all duly enrolled bills and joint resolutions.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on Monday, the Senate will convene at 10:30 a.m.

There will then be a period for the transaction of routine morning business, after the two leaders have been recognized under the standing order. The period for the transaction of morning business is not to extend beyond 11 a.m., with statements therein limited to 5 minutes each.

At 11 a.m., the Senate will go into executive session to consider the nomination of Mr. Nelson A. Rockefeller for the office of Vice President of the United States. Under the agreement, debate thereon may ensue for as much as 5 hours on Monday. The vote is not to occur until Tuesday, at 3 p.m.

Mr. President, I ask unanimous consent that after the time for debate on Mr. Rockefeller's nomination has expired on Monday, the Senate go back into legislative session.

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

Mr. ROBERT C. BYRD. At that time, the Senate can either proceed with the trade bill or the atomic energy authorization bill, whichever appears to be advisable under the circumstances, and certainly the trade bill has the main track, in any event.

Mr. President, that is the statement of the program for Monday. I would anticipate the possibility of rollcall votes on Monday.

Mr. President, the distinguished assistant Republican leader has called my attention, also, to the order which was entered earlier by Mr. MANSFIELD, that on Monday there will be no rollcall votes. There will be no rollcall votes prior to 4 p.m.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

ADJOURNMENT TO 10:30 A.M. ON MONDAY, DECEMBER 9, 1974

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10:30 on Monday next.

The motion was agreed to; and at 1:06 p.m. the Senate adjourned until Monday, December 9, 1974, at 10:30 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 5, 1974:

MISSISSIPPI RIVER COMMISSION

Maj. Gen. Francis Paul Koisch, [redacted], U.S. Army, to be a member and president of the Mississippi River Commission, under the provisions of section 2 of an act of Congress, approved June 28, 1879 (21 Stat. 37) (33 U.S.C. 642).

Wilmer Richard Hall, of Tennessee, to be a member of the Mississippi River Commission for a term of 9 years.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXTENSIONS OF REMARKS

FRIENDSHIP'S ROAD

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. LENT. Mr. Speaker, a gracious gentleman from Freeport, N.Y., Mr. Joseph Batcher, has been thoughtful enough to send me a copy of the poem entitled "Friendship's Road" which he copied in his own hand and very nicely illustrated.

Mr. Batcher's thoughtfulness is a reminder that our friendships are indeed dear and one of the few lasting things we have. It is always nice to know that we have a friend to share our joys and troubles.

I submit this poem for the attention of my colleagues and take great pride in calling Mr. Joseph Batcher my friend:

FRIENDSHIP'S ROAD

Friendship is a chain of gold,
Shaped in Gods' all perfect mold.
Each link a smile, a laugh, a tear,