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Congressional Record

PROCEEDINGS AND DEBATES OF THE 93d CONGRESS, SECOND SESSION

SENATE—*Tuesday, February 26, 1974*

The Senate met at 11 a.m. and was called to order by Hon. FLOYD K. HASKELL, a Senator from the State of Colorado.

PRAYER

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

Eternal Father, the same yesterday, today and forever, we pause to thank Thee for life and health and duty and to hear again Thy still small voice. Above and beyond all human utterance may we behold the Living Word, Son of Man and Son of God. Hearing Him may we be quick to obey Him and ready to serve Him. Turn us back to the truth that he who would be greatest among us shall be the servant of all and whosoever loseth his life for the truth shall find it again.

We pray through Him whose name is above every name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., February 26, 1974.

To the Senate:

Being temporarily absent from the Senate on official business, I appoint Hon. FLOYD K. HASKELL, a Senator from the State of Colorado, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. HASKELL 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 Monday, February 25, 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.

THE ENERGY BILL

Mr. HUGH SCOTT. Mr. President, everything is reasonably quiet in the Senate and I would not want to contribute to any confusion or delay in our processes. I hope that the other body will act promptly on the energy bill so that we may be able to get a bill back here which can avoid a Presidential veto.

I realize the conflicting points of view in the other body and in this body, and among Members in both bodies; but, in the meantime, we are waiting for action on the energy bill. The Senate has passed a bill. The President does not feel that it meets the energy needs of the country or that it complies with his concept of his responsibility.

The House has granted a rule which permits votes on separate parts of the bill. I hope that they can repair those parts of the bill which would make it acceptable to the President. In any event, I hope that action will occur promptly so that the Senate may, if it is required to do so, conclude its part of the legislative process. If it comes back to us or if it is vetoed and the veto is sustained, I hope that we will avoid additional hearings and will immediately repass some legislation on which the President and the Congress can agree.

It is not a healthy thing for us to be in this impasse between the two bodies of Congress, or among the two bodies of Congress and the President. I am not assessing any blame. That is how our normal legislative processes work. But the urgency is real. The necessity exists. The length of the gas lines is evidence of a very serious part of the problem. I hope that we in Congress can dispose of our part of the responsibility as quickly as possible.

ORDER OF BUSINESS

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

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum and that the time be taken out of the Senator's time.

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

The second assistant legislative clerk proceeded to call the roll.

Mr. PELL. 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.

(The remarks Senator PELL made at this point on the submission of an amendment to be proposed by him relating to the establishment of a U.S. base on Diego Garcia in the Indian Ocean, are printed later in the RECORD under Department of Defense Supplemental Appropriations Authorization Act, 1974—Amendment.)

TRANSACTION OF ROUTINE MORNING BUSINESS

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

ROLLBACK ON THE PRICE OF LUMBER PRODUCED IN THE STATE OF WASHINGTON

Mr. BARTLETT. Mr. President, on February 20, the Oklahoma House of Representatives passed a resolution calling for a rollback on the price of lumber produced in the State of Washington.

Though the resolution was passed, tongue in cheek, in response to Senator JACKSON'S proposed crude oil price rollback, it does make an appropriate analogy. As I pointed out on the Senate floor on February 19, rollbacks on oil and lumber would be equally disastrous. Both industries have suffered shortages and both have escalating prices at virtually the same rate.

However, Mr. President, Oklahoma also has lumber production and I know what effect a price rollback would have on that production—it could be devastating.

We are not going to cure or do away with problems of supply in either lumber or oil by cutting the price. The law of supply and demand does not work that way.

While none of us like higher prices, that is the only way we are going to attract the capital necessary to stimulate production—of either lumber or oil. Lumber has already proved the validity of supply and demand. In May of last year the price of plywood reached an all-time high. In response to that price,

supplies increased and since, the price of plywood has substantially decreased.

So, Mr. President, I do not propose that we roll back the prices of Washington lumber, but I do propose that the people from States, such as Washington, begin to look more realistically at the required incentive of the oil industry to increase supplies of domestic oil and gas.

While we have heard about $10 crude oil, the average price of domestic crude oil is $5.95 per barrel. The proposed rollback was to $5.25 per barrel. This 70 cent per barrel decrease would result in a net savings to the consumer of only 14 cents on a 10-gallon purchase of gasoline.

I am confident that private enterprise can get us out of our current energy crisis. But we will not get out of it so long as Government continues to work against industry rather than with it. Government got us into our present mess—we should give the oil industry the chance to get us out.

Mr. President, I ask unanimous consent that the resolution passed by the Oklahoma House of Representatives be included, in full, in the RECORD following my remarks.

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

A RESOLUTION MEMORIALIZING CONGRESS TO EFFECT A PRICE ROLLBACK ON LUMBER PRODUCED IN THE STATE OF WASHINGTON; AND DIRECTING DISTRIBUTON

Whereas, on Tuesday, February 19, 1974, the United States Senate passed and sent to the House of Representatives emergency energy legislation providing for an oil price rollback; and

Whereas, the Chairman of the Senate Interior Committee, a Senator instrumental in the passage of this bill, declared that the rollback could result in a five cent ($0.05) per gallon drop in the pump price of gasoline and could save the consumer Twenty Million Dollars ($20,000,000.00) a day; and

Whereas, this type of saving could possibly be achieved by rolling back the prices of other energy crisis related commodities; and

Whereas, lumber has escalated in price commensurate with other products, thus creating a higher cast for "knocking on wood"; and

Whereas, the U.S. Congress has been so concerned with "loopholes" in the regulation of the oil industry, they have neglected to notice lumber's "knotholes"; and

Whereas, the Oklahoma Legislature has been "pining" for the opportunity to "nail down" the inequities in the lumbering profits "scooped up" by the Board Foot Boys; and

Whereas, "logrolling," an American tradition, has escalated in cost beyond the means of the average "Lumber Jack's Son"; and

Whereas, large amounts of lumber are produced in the State of Washington, thus affording a natural laboratory for experimentation in lumber price rollbacks; and

Whereas, a social experiment of this magnitude deserves serious consideration and in the public interest probably should be carried out.

Now, therefore, be it resolved by the House of Representatives of the 2nd Session of the 34th Oklahoma Legislature:

Section 1. That the House of Representatives respectfully memorializes the Congress of the United States to effect a price rollback on lumber produced in the State of Washington.

Section 2. That duly authenticated copies of this Resolution be delivered to the Chairman of the Senate Interior Committee and to all members of the Oklahoma Congressional Delegation.

Adopted by the House of Representatives the 20th day of February, 1974.

RULES OF SPECIAL COMMITTEE ON AGING

Mr. CHURCH. Mr. President, in accordance with section 133B of the Legislative Reorganization Act of 1946, as amended—which requires the rules of each committee to be published in the CONGRESSIONAL RECORD no later than March 1 of each year—I ask unanimous consent that the rules of the Senate Special Committee on Aging be printed at this point in the RECORD.

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

RULES OF THE SENATE SPECIAL COMMITTEE ON AGING (AS ADOPTED JUNE 12, 1963, AS AMENDED FEBRUARY 28, 1973)

Rule 1: Convening of meetings. The Committee shall meet at the call of the Chairman or at the request of five members of the Committee. The Chairman may, upon proper notice, call such additional meetings as he may deem necessary. Regularly scheduled meetings of the Committee may be postponed or cancelled by the Chairman should there be insufficient business before the Committee to warrant such a meeting. Subcommittee Chairmen may call meetings of the Subcommittees at such time as they deem necessary except that no such meetings may be called at a time when the full Committee is scheduled to meet. Special meetings may be called by a majority of all Committee or Subcommittee members upon written notice to the Clerk of the Committee. The Clerk shall give at least 24 hours notice to every member of the meeting, time, and place.

Rule 2: Presiding officer. The Chairman of the Committee (or Subcommittee) or if the Chairman is not present, the ranking Majority member present shall preside at all meetings.

Rule 3: Quorum. A majority of the Committee or any Subcommittee shall constitute a quorum sufficient for the conduct of business at executive sessions. One member shall constitute a quorum for the receipt of evidence, the swearing of witnesses and the taking of testimony at hearings.

Rule 4: Subcommittees. Matters referred to the Committee shall be considered initially by the full Committee or by such Subcommittees as the Chairman, with the approval of the Committee, shall designate. Subcommittees may be established and their size determined by vote of a majority of all members of the Committee. The Chairman of the full Committee and the ranking minority member shall be ex officio members of all Subcommittees. Party membership of each Subcommittee shall be proportionate to Party membership on the full Committee. Each Subcommittee is subject to these rules and any limitations imposed by the full Committee and is authorized a) to hold and report hearings; b) to sit and act during meetings of the Senate and during recesses or adjournment of the Senate; and c) to require by subpoena or otherwise the attendance of witnesses and the production of documentary evidence.

Rule 5: Agenda and voting at meetings. The business to be considered at any meeting of the Committee or a Subcommittee shall be designated by its Chairman and any other measure, motion or matter substantive or procedural within the jurisdiction of the Committee or a Subcommittee shall be considered at such meeting and in such order as a majority of the members of such Committee indicate by their votes or by presentation of written notice filed with the Clerk. Voting by proxy shall be permitted in the full Committee and all Subcommittees.

Rule 6: Right to counsel. Any witness subpoenaed to a public or executive hearing may be accompanied by counsel of his own choosing who shall be permitted, while the witness is testifying, to advise him of his legal rights.

Rule 7: Amendment of rules. The rules of the Committee may be changed, modified, amended, or suspended at any time, provided, however, that not less than a majority of the entire membership so determine at a regular meeting with due notice, or at a meeting specifically called for that purpose.

Rule 8: Reports. Staff reports and Committee reports shall be printed only with the prior approval of a majority of the full Committee. The printing, as Committee documents, of materials not originating with the Committee or its staff shall also require prior approval of a majority of the full Committee. The printing of a Subcommittee report shall require prior approval of a majority of the Subcommittee concerned. With respect to the printing of Staff reports, the Chairman is authorized to conduct a poll of the Committee. In such cases, the Minority shall have the right to request reconsideration of the results of such poll at the next meeting of the Committee.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

PROPOSED LEGISLATION BY THE SECRETARY OF THE TREASURY

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize the Secretary of the Treasury to prescribe regulations to govern the arrival, entry, clearance, and related movements of vessels and vehicles, and for other purposes. Referred to the Committee on Finance.

REPORT OF ARCHITECT OF CAPITOL

A semiannual report of the Architect of the Capitol, transmitted, pursuant to law, for the period July 1 through December 31, 1973. Ordered to lie on the table and to be printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHILES, from the Committee on Government Operations, with an amendment:

S. 2510. A bill to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes (Rept. No. 93-692).

EXTENSION OF TIME FOR FILING REPORT OF SPECIAL COMMITTEE ON AGING

Mr. CHURCH. Mr. President, I ask unanimous consent to move from Febru-

ary 28 to March 29 the date by which the report of the Senate Special Committee on Aging, "Developments in Aging, 1973" shall be submitted. I am making this request in order to give adequate time for completion of minority views.

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

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Armistead I. Selden, Jr., of Alabama, to be Ambassador Extraordinary and Plenipotentiary to New Zealand, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary to Fiji, to the Kingdom of Tonga, and to Western Samoa;

A. Linwood Holton, of Virginia, to be an Assistant Secretary of State;

Donald B. Easum, of Virginia, a Foreign Service officer of class 1, to be an Assistant Secretary of State;

David B. Bolen, of Colorado, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Botswana, to the Kingdom of Lesotho, and to the Kingdom of Swaziland;

David L. Osborn, of Tennessee, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Socialist Republic of the Union of Burma;

Max V. Krebs, of California, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Guyana;

Davis Eugene Boster, of Ohio, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the People's Republic of Bangladesh;

Martin F. Herz, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to Bulgaria;

John L. Ganley, of New Jersey, to be Deputy Director of the Action Agency;

Thomas R. Pickering, of New Jersey, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Hashemite Kingdom of Jordan;

Robert E. Fritts, of Maryland, a Foreign Service officer of class 3, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Rwanda;

Philip W. Manhard, of Florida, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary to Mauritius; and

Marshall Green, of the District of Columbia, a Foreign Service officer of the class of career minister, now Ambassador Extraordinary and Plenipotentiary to Australia, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary to the Republic of Nauru.

(The above nominations were reported with the recommendation that the nominations be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. MAGNUSON, from the Committee on Commerce:

George M. Stafford, of Kansas, to be an Interstate Commerce Commissioner; and

Charles L. Clapp, of Massachusetts, to be an Interstate Commerce Commissioner.

(The above nominations were reported with the recommendation that the nominations be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. MAGNUSON. Mr. President, as in executive session, from the Committee on Commerce, I report favorably sundry nominations in the Coast Guard and the National Oceanic and Atmospheric Administration which have previously appeared in the CONGRESSIONAL RECORD and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

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

The nominations, ordered to lie on the desk, are as follows:

Raymond K. Kostuk, and sundry other officers, for promotion in the Coast Guard; and

Daniel S. Ellers, and sundry other persons, efor permanent appointment in the National Oceanic and Atmospheric Administration.

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. HASKELL (for himself and Mr. DOMINICK):

S. 3056. A bill to authorize the Secretary of Agriculture to amend retroactively regulations of the Department of Agriculture pertaining to the computation of price-support payments under the National Wool Act of 1954 in order to insure the equitable treatment of ranchers and farmers. Referred to the Committee on Agriculture and Forestry.

By Mr. BAKER (for himself, Mr. ALLEN, Mr. SPARKMAN, Mr. BROCK, and Mr. EASTLAND):

S. 3057. A bill to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against acquired power investment return payments and repayments. Referred to the Committee on Public Works.

By Mr. HARTKE (for himself and Mr. HANSEN) (by request):

S. 3058. A bill to amend chapter 37 of title 38, United States Code, to permit interest on loans under section 1810 of the chapter to be as agreed upon by the lender and borrower, and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. McGOVERN (for himself and Mr. ABOUREZK):

S. 3059. A bill to amend the Public Health Service Act to provide an extension for start-up assistance under section 771(b). Referred to the Committee on Labor and Public Welfare.

By Mr. HARTKE:

S. 3060. A bill to terminate the foreign tax credit for taxes paid with respect to income attributable to oil and gas operations. Referred to the Committee on Finance.

By Mr. MONTOYA:

S. 3061. A bill to amend the Federal Meat Inspection Act, as amended, to require frankfurters and similar cooked sausages to contain a protein level of not less than 12 per centum. Referred to the Committee on Agriculture and Forestry.

By Mr. BURDICK (for himself, Mr. RANDOLPH, Mr. CLARK, Mr. BIDEN, and Mr. DOMENICI):

S. 3062. A bill entitled the "Disaster Relief Act Amendments of 1974." Referred to the Committee on Public Works.

By Mr. ABOUREZK:

S. 3063. A bill to repeal the depletion allowance on mineral production on lands owned by the U.S. Government. Referred to the Committee on Finance.

S. 3064. A bill to amend section 111(a) of title 38, United States Code, relating to the payment of travel expenses for persons traveling to and from Veterans' Administration facilities. Referred to the Committee on Veterans' Affairs.

By Mr. GOLDWATER:

S. 3065. A bill to repeal the earnings limitation of the Social Security Act. Referred to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HASKELL (for himself and Mr. DOMINICK):

S. 3056. A bill to authorize the Secretary of Agriculture to amend retroactively regulations of the Department of Agriculture pertaining to the computation of price support payments under the National Wool Act of 1954 in order to insure the equitable treatment of ranchers and farmers. Referred to the Committee on Agriculture and Forestry.

Mr. HASKELL. Mr. President, I am introducing legislation today in behalf of wool producers in Colorado and other States who during 1969–1970 consigned their wool to a marketing agency in Denver, received from that company promissory notes on which wool incentive payments were made, and who then had their 1972 payments withheld by the Department of Agriculture because the Department found the earlier payments to be improperly determined under existing regulations. This decision has caused considerable hardship for those affected producers who acted in good faith in consigning their wool to a marketing agency they considered to be financially responsible. My bill would give the Secretary of Agriculture the necessary authority to retroactively amend existing regulations governing the computation of wool price support payments and to provide for a reconsideration of these cases. I ask unanimous consent that the text of the bill and letters to me and the Secretary of Agriculture from the Comptroller General commenting on this matter be printed at this point in the RECORD. I hope that my colleagues will share my view about the need to insure equitable treatment of these ranchers and farmers, and I ask your support.

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

S. 3056

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to amend retroactively regulations of the De-

partment of Agriculture pertaining to the computation of price support payments under the National Wool Act of 1954 in order that the amount of such payments may, in the case of any rancher or farmer, be computed on the basis of (1) the net sales proceeds received, or (2) in the case of any rancher or farmer who failed to realize the amount provided for in the sales document, the lesser of the following: (A) the net sales proceeds based on the price the rancher or farmer would have received had there been no default of payment under such document, or (B) the fair market value of the Commodity concerned at the time of sale.

SEC. 2. The Secretary of Agriculture is further authorized to reconsider any application filed for the payment of price support under the National Wool Act of 1954 with respect to any commodity marketed during the four marketing years 1970 through 1974 and to make such payment adjustments as he determines fair and equitable on the basis of any amendment to regulations made under authority of the first section of this Act.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., November 27, 1973.

Hon. FLOYD K. HASKELL,
U.S. Senate.

DEAR SENATOR HASKELL: In accordance with your letter of November 9, 1973, there is enclosed herewith a copy of our letter of today to the Secretary of Agriculture, B–114824, concerning the Department of Agriculture's proposal to amend its regulations governing wool price support payments. We conclude therein that the Department lacks authority to in effect retroactively waive the requirement applicable to present and past marketing years that incentive payments be based on actual net sales proceeds realized by wool producers. On the other hand, we perceive no objection to amendment of the actual net sales proceeds requirement on a prospective basis and under the circumstances indicated in our letter.

We understand your concern over equitable considerations relating to this matter, particularly the fact that the producers affected acted in good faith in consigning their wool to a marketing agent which they considered to be reputable. However, as you are aware, our conclusion is based upon a well-established body of prior rulings and precedents, discussed in our letter to the Secretary of Agriculture. We might also note that on the basis of the information supplied to us, recited in our letter to the Secretary, it does not appear that the producers were ever advised by Federal officials that incentive payments could be made on a basis other than actual net sales proceeds. Rather, it seems that some payments were made initially as a result of erroneous or ambiguous statements in the final accounting forwarded to Federal officials.

We appreciate your interest in this matter, and regret that we are unable to reach a disposition more favorable to your constituents.

Sincerely yours,

R. F. KELLER,
Deputy Comptroller General of the United States.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., November 27, 1973.

The Honorable SECRETARY OF AGRICULTURE.

DEAR MR. SECRETARY: By letter dated July 6, 1973, the Assistant Secretary of Agriculture for International Affairs and Commodity Programs requested our opinion whether a proposed amendment as hereinafter described may be made to the regulations governing the Commodity Credit Corporation's program for price support payments on marketings of shorn wool and unshorn lambs pursuant to the authority contained in the National Wool Act of 1954, as amended, 7 U.S.C. 1781–1787. The current regulations for this program are published in Part 1472 of Title 7, Code of Federal Regulations.

The Assistant Secretary's letter reads, in part, as follows:

"The [National Wool] Act provides in pertinent part that 'The Secretary of Agriculture shall, through the Commodity Credit Corporation, support the prices of wool and mohair, respectively, to producers thereof by means of loans, purchases, payments, or other operations' (7 U.S.C. 1782(a)), and that 'If payments are utilized as a means of price support, the payments shall be such as the Secretary of Agriculture determines to be sufficient, when added to the national average price received by producers, to give producers a national average return for the commodity equal to the support price level therefor * * *' (7 U.S.C. 1783). The Act further provides that 'the amounts, terms, and conditions of the price support operations * * * shall be determined or approved by the Secretary of Agriculture' (7 U.S.C. 1785).

"Prior to 1954, CCC supported wool prices through loans and purchases, as a result of which CCC took into inventory a considerable part of our domestic wool production. The National Wool Act was enacted as the best way to provide income protection to wool growers while at the same time leaving the marketing process in the hands of wool growers and the trade without Government involvement. As was pointed out during committee hearings on the legislation, it was proposed, in order to provide an incentive to each producer to obtain the maximum price for his wool and thereby reduce the government cost of the program, to base each grower's payment on the amount realized from the marketing of his wool.

Accordingly, the program regulations for the marketing years from 1955 through 1973 have provided that the wool payments will be based on the net proceeds realized by each grower from the sale of his wool (7 CFR 1472.1308), at a rate of payment which is the percentage of the national average price per pound received by producers in the same marketing year which is required to bring such national average price up to the support price for the wool (7 CFR 1472.1305(b)).

In order to determine the net sales proceeds, the regulations require the producer's application to be supported by a final accounting for the wool, evidenced by sales documents which may not include contracts to sell or tentative or pro forma settlements (7 CFR 1472.1310), and the supporting sales document to show, among other things, the net amount received by the producer for the wool (7 CFR 1472.1310(b)).

"A promise to pay, even though supported by a promissory note or post-dated check, has not been accepted as the equivalent of a payment within the meaning of the regulations governing the computation of incentive payments. In certain situations beyond a producer's control, this policy can, and in fact recently did, lead to inequities in the program which would result in a frustration of the purpose of the program. For example, during 1969 and early 1970, a number of wool producers in Colorado, Idaho, and Wyoming delivered wool to a marketing agency under one of several types of agreement whereby the producer delivered his crop of wool to the agency, relinquished title to the wool, and received an advance against either a specified price, or a price to be agreed to at a later date, or the market value at the time of receipt of the wool. The balance was to be paid on delivery, under one type of contract, or when the agency sold the wool, under the others.

In addition, in some instances the wool was turned over to the agency under a marketing agreement pursuant to which an initial advance was made and the proceeds from the sale of the wool were to be accounted for after the wool was sold. Under such an agreement, title to the wool did not pass at time of delivery. For all 1970 transactions, the balance was paid by note in December of 1970, transmitted with a final accounting on the wool and an explanation that although the agency was unable to sell a considerable proportion of the wool, it was completing the purchase in order that the producers might apply for their incentive payments.

Each of the statements of account indicated final payment by check, however, rather than by note and as a result incentive payments were made on the net proceeds set forth in the statements of account. In all cases, the notes were unpaid and uncollectible at and subsequent to maturity. Because of the administrative policy in interpreting the computation provisions of the regulations described hereinabove, it was determined that incentive payments properly should have been made only on that part of the purchase price which was received in the form of a cash advance and the uncollectible notes should not have been considered a part of the net sales proceeds. Consequently, on learning the facts in these cases, claim was made against each of these producers for repayment of the amounts improperly paid. This has resulted in many instances in considerable hardship for the producers.

"In view of the foregoing, it is proposed to amend the regulations to permit the computation of incentive payments, under 7 CFR 1472.1208 (applicable to the marketing years 1966–1970) and 7 CFR 1472.1308 (applicable to the marketing years 1971–1973), to be based on either the net sales proceeds received by the producer or, in the event the producer does not realize the amount provided for in the sales document, as for example where the purchaser has become insolvent between the time all the conditions of a marketing as prescribed by 7 CFR 1472.1307 have been met and the time payment is due (under a note, check or some other contractual arrangement), the lower of (1) the net sales proceeds based on the price the producer should have received had there been no default or (2) the fair market value at the time of sale of the wool. It is further proposed to amend the regulations to permit reconsideration, under the amended sections governing computation of payments, of any application previously filed with respect to a marketing which took place within the current marketing year or the three marketing years prior thereto."

The Commodity Credit Corporation (CCC) regulations governing the wool price support programs, as published in the Code of Federal Regulations, recite as authority for their issuance sections 4 and 5 of the Commodity Credit Corporation Charter Act, as amended, 15 U.S.C. 714b, 714c, and the National Wool Act. Section 4(d) of the Charter Act, 15 U.S.C. 714b(d), authorizes the Corporation to "adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised." Section 706 of the National Wool Act, 7 U.S.C. 1785, provides in part, quoting from the United States Code:

"Except as otherwise provided in this chapter, the amounts, terms, and conditions of the price support operations and the extent to which such operations are carried out shall be determined or approved by the Secretary of Agriculture. * * * The facts constituting the basis for any operation, payment, or amount thereof *when officially determined in conformity with applicable regulations prescribed by the Secretary* shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government." (Italic supplied).

Under well-established principles applied in numerous decisions of our Office, regula-

tions promulgated pursuant to express statutory authority, such as the CCC regulations here involved, have the force and effect of law and cannot be retroactively waived. See, e.g., 51 Comp. Gen. 162, 166 (1971); 43 *id.* 31, 33 (1963); 37 *id.* 820 (1958), and decisions cited therein.

Of particular interest here is our 1958 decision to the Secretary of Agriculture, 37 Comp. Gen. 820, wherein we concluded that there was no authority to waive substantive regulations governing the soil bank acreage reserve program, notwithstanding that section 485.240 of the soil bank regulations purported to authorize waiver of any provision of such regulations. Our decision stated:

"While section 124 [of the Soil Bank Act] grants broad discretionary authority for prescribing regulations, it is not dissimilar to numerous provisions in other legislative acts authorizing the issuance of regulations. It is well established in administrative law that valid statutory regulations have the force and effect of law, are general in their application, and may no more be waived than provisions of the statutes themselves. Regulations must contain a guide or standard alike to all individuals similarly situated, so that anyone interested may determine his own rights or exemptions thereunder. The administrative agency may not exercise discretion to enforce them against some and to refuse to enforce them against others. See *United States* v. *Ripley*, 7 Pet. 18; *United States* v. *Davis*, 132 U.S. 334; *Federal Crop Insurance Corporation* v. *Merrill*, 332 U.S. 380; *Sheridan-Wyoming Coal Co.* v. *Krug*, 182 F. 2d 282; 31 Comp. Gen. 193, and decisions cited therein.

* * * * *

"Section 485.240 of the regulations under consideration attempts to create in the Administrator, Commodity Stabilization Service, the right to waive the requirements of any provision of the regulations or the agreements in hardship cases even though such action might give up vested rights of the Government; might permit payments contrary to the regulations or agreement; would be taken on a case-by-case basis; and would be retroactive rather than prospective in that the Administrator, after noncompliance, would determine whether to waive the pertinent regulation. Such authority is so contrary to the principles referred to above and normally associated with statutory regulations that we are convinced that such discretionary authority was not contemplated by the Congress in enacting section 124 of the Soil Bank Act and numerous similar provisions in other laws. While section 103 of the Soil Bank Act, 7 U.S.C. 1821, authorizes you to include in the acreage reserve program such 'terms and conditions' as you deem desirable to effectuate the purposes of the Soil Bank Act and to facilitate the practical administration of the acreage reserve program, we do not believe it authorizes you to include in the regulations a further provision authorizing the waiver on an individual case basis of any 'terms and conditions' prescribed in the regulations. In our view, the authority to regulate and to include in the program such terms and condition as the Administrator deems desirable for the specified purposes does not necessarily imply authority to disregard those terms and conditions thereby creating an unregulated area subject only to his discretion. If any agency requires authority to waive its statutory regulations, we believe that specific statutory authority therefor * * * should be requested from the Congress."

See also 15 Comp. Gen. 869 (1936), wherein we declined to give effect to a provision in regulations implementing the National Housing Act which purported to reserve authority to waive any other provision of such regulations. As noted in our 1958 decision, *supra*, the National Housing Act was subsequently amended to authorize waiver of regulations thereunder.

Turning to the instant matter, it is proposed to amend the wool price support regulations governing past marketing years and the present marketing year so as to permit under certain circumstances payments on a basis other than actual net sales proceeds. Provision would then be made for reconsideration under the amended regulations of applications previously filed and presumably rejected for the present marketing year and three years prior.

Whatever may be the reasons for the particular approach thus suggested, its purpose and effect is clearly to provide for waiver of regulatory requirements applicable at the time transactions were consummated. Accordingly, we must conclude that this proposal is subject to the principles discussed herein precluding retroactive waiver. The instant proposal is, if anything, more tenuous than those disapproved in our 1958 and 1937 decisions, *supra*, since there is nothing in the present wool regulations which even purports to reserve waiver authority. Obviously the requirement that payments be based on actual net sales proceeds is a substantive element in the present regulations. Compare 37 Comp. Gen. 820, 823. Thus, in addition to the detailed requirements set forth in the regulations concerning documentation of net sales proceeds, it is specifically stated that "Contracts to sell as well as tentative or pro forma settlements will not be acceptable as sales documents." 7 CFR § 1472.1310.

For the foregoing reasons, it is our opinion that the proposed regulations may not legally be adopted to the extent that they would permit retroactive waiver of the requirement that payments be based on actual net sales proceeds. We might point out, however, that in view of the broad administrative discretion afforded by section 706 of the National Wool Act in formulating program terms and conditions, we would not object to prospective adoption (i.e., for marketing years subsequent to 1973) and application of a provision for varying the actual net sales proceeds requirement under limited and clearly defined circumstances and subject to a determination that such provision is consistent with the purposes of the Act. See 37 Comp. Gen. 822–823; 17 *id.* 566, 568 (1938).

Sincerely yours,

R.F. KELLER,
Deputy Comptroller General,
of the United States.

NOVEMBER 9, 1973.

Hon. ELMER B. STAATS,
Comptroller General of the United States,
General Accounting Office, Washington, D.C.

DEAR MR. STAATS: I am writing regarding your case #114–824 involving a reconsideration of your office of U.S. Department of Agriculture ASCS payments to wool producers in 1969 and 1970 by amending Section 1472.-1211 of the present regulations.

I understand the original ruling by the Department of Agriculture in March, 1973, was that individuals who had not actually received cash payments for wool consigned to Wilkins and Company in Denver in 1969–70 but had instead been given promissory notes on which basis incentive payments were made by ASCS in 1970, would have their 1972 incentive payments withheld in lieu of repayment of the "improper" 1970 payment.

I realize that this matter is not covered by statute and that determinations are made on the basis of Department regulations or previous rulings and precedents. Nevertheless, I feel that the equity in this particular case rests with the individuals who in good faith consigned their wool to a company they considered to be reputable, received promissory notes, and considered they had made a bona fide sale of their product. I would assume also that the Department did not inform these individuals that the conditions under which they made these sales would not constitute a basis under which they could receive incentive payments.

I would urge you to rule favorably on their behalf so that their 1972 payments would not be withheld in lieu of return of their 1970 payments.

I would appreciate it if you would notify me as soon as a determination is made in this case.

Best regards,
Sincerely,

FLOYD K. HASKELL,
U.S. Senator.

By Mr. BAKER (for himself, Mr. ALLEN, Mr. SPARKMAN, Mr. BROCK, and Mr. EASTLAND):

S. 3057. A bill to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments. Referred to the Committee on Public Works.

TVA ENVIRONMENTAL FINANCING BILL

Mr. BAKER. Mr. President, I send to the desk for introduction and proper referral a bill to amend the Tennessee Valley Authority Act to provide that future expenditures by the TVA for pollution control facilities may be credited against required power investment return payments and repayments.

In recent years growing environmental concern has led to extensive capital investments throughout the electrical power industry. In order to encourage such investments and to minimize the impact upon rates the Congress has provided rapid tax writeoffs for private electric companies. These tax provisions have softened greatly the impact upon consumer costs of environmental controls investments by these companies.

The TVA is unable to take advantage of these provisions even though it is required by law to make substantial payments to the Federal Treasury.

The proposal which I now introduce would correct this inequity in a simple logical way: TVA, under Public Law 86–137, pays each year an annual "dividend" on the Federal Government's appropriation investment in TVA's power facilities, plus another $20 billion annually to retire a portion of that appropriation investment.

This bill provides that expenditures by the TVA for certified pollution control equipment—as defined in the United States Tax Code—required in connection with the TVA power program be credited against required payments to the Treasury.

Without this measure both the substantial investment costs of pollution control equipment and the annual payments to the Treasury would force rapidly increasing TVA power rates even higher. With the measure these rates should stabilize somewhat even in the face of other inflationary factors.

It is a strange paradox that under

present Federal law, private companies can obtain huge writeoffs for expenditures on pollution control equipment—on the grounds that this equipment produces benefits to the general public; while TVA gets absolutely no credit for its expenditures on such equipment. These costs under TVA are passed directly on to the power user in his monthly bill. This measure is designed to correct that inequity.

I ask unanimous consent that a memorandum explaining in greater detail the need for this legislation be inserted in the RECORD at the end of these remarks.

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

MEMORANDUM: PROPOSAL TO CREDIT TVA FOR ENVIRONMENTAL INVESTMENTS

NATIONAL REQUIREMENTS AND POLICY FOR ENVIRONMENTAL ENHANCEMENT

In recent years a number of national requirements have been placed on various private and public activities for control of air and water pollution. The requirements have been established by legislation such as the Water Pollution Control Act, the Clean Air Act, the Solid Waste Disposal Act, the National Environmental Policy Act, amendments to the acts, Executive Orders, and regulations to implement the acts.

Improvement of the environment is a significant enough national goal to merit national financial support through various means:

1. Direct federal appropriations are provided for pollution control at many federal installations. These include military bases, industrial production facilities, naval vessels, GSA buildings, and recreational areas.

2. Federal grants are provided to state and local governments for many pollution control activities. (Presently, water pollution abatement facilities are eligible for 75 percent federal grants.)

3. Private industry is provided with various tax relief devices to ameliorate the cost of pollution control equipment as well as other investments in facilities. It is estimated that a private firm can recapture, through various tax provisions, within five years, 57.7 percent of a $10 million investment in a new facility. (This is not the maximum possible but a theoretical projection based on investment of $800,000 in land, $3,200,000 in building, $5,400,000 in production equipment, $500,000 in office fixtures, $100,000 in transportation equipment. Building is depreciated by straight-line method. The Asset Depreciation Range (ADR) is utilized. The investment tax credit is taken in the 1st year. Non-building is depreciated by sum-of-the-years digits method.)

TAX RELIEF FOR INVESTMENT

The tax provisions related only to pollution control equipment include the five year amortization provided for facilities installed in existing plants and tax-exempt status for state and local revenue bonds used for pollution control. Other provisions of the tax law provide for investment credits for new plant (7 percent for most industry, 4 percent for regulated utilities) and Asset Depreciation Range (ADR—which provides for a 20 percent alteration of the depreciation life of equipment) which would be available for new plants regardless of whether for pollution control or production.

At the time the pollution control amortization provision was considered, it was estimated that cost to the federal government in tax revenues foregone would be as follows:

[In millions]

1970	$40
1971	130
1972	230
1974	380
1979	400

The full year effect of investment credit is estimated at $3.3 billion annually in federal taxes foregone.

The annual benefits of the asset depreciation range to industry is estimated at $2.5 billion.

Each firm makes its own decision as to which tax procedures, if any, will be most beneficial to use in according for new investments or additions to old facilities.

For example, Consolidated Edison of New York reported to stockholders an income of $144,781,000 for 1972 yet paid no federal corporate tax (received a credit of $1,091,000). American Electric Power reported an income of $168,103,000 and received a credit of $6,700,000 in 1972. In both cases, other provisions of the tax law may have been employed to achieve the credit status. Not all firms are in this situation.

Other types of federal assistance have been authorized by the Congress. For example, a Small Business Loan program to aid private firms in meeting pollution control requirements was established by the Federal Water Pollution Control Act of 1972. The same legislation established an Environmental Financing Authority to assist local governments in financing the 25 percent local funds required under the act.

ALL CITIZENS SHARE IN COST

Thus, because of the national requirements for and the national benefits from enhancement of the environment, all the people share in the attaining of the goal through tax advantages granted to industry and through other programs. In theory, an industry is able to make the required control improvements without the total cost being passed on to either the owners, workers, or customers of the particular firm.

A significant and unintentional inequity in this respect exists for at least one group of citizens—the consumers of electric power produced by the Tennessee Valley Authority.

Inasmuch as the TVA power consumer is the sole source of revenues for operation and improvement of the system, the TVA consumer has been burdened with the total cost of attaining the degree of water and air pollution control imposed by national requirements. These are nonrevenue producing expenditures for the TVA system as well as for private firms.

On the other hand, a similar investment requirement on a private firm has opportunities for recapture of a portion, if not all, of the cost through various tax laws. The capital fund requirements of local governments are lessened by federal grants for water pollution control. Most other federally owned installations are provided with pollution control facilities through direct appropriations.

TVA—A UNIQUE NATIONAL ASSET

Because of the unique charter, purpose, and function of TVA, none of the previously listed conditions apply to this system.

The TVA electric power system has some characteristics of privately owned power systems and some of publicly owned systems such as co-ops and municipals but is not exactly comparable to either.

A privately owned system is organized and operated as a profitmaking venture. Its management selects areas of service and establishes rates to maximize this objective.

An electric co-operative is owned by the people it serves and its objective is to maximize the availability of its services at the lowest possible cost to the consumer-owner.

A municipal system is owned by the people of the city being served and its operational objectives are established by the people through their local government organization.

In the event any of these three kinds of systems are liquidated, those who have paid for the system, as stockholders or as consumer-owners, share in the proceeds from the sale after debts are satisfied.

This is not the case with the TVA.

The TVA was organized by the federal government, through the Congress, to achieve certain national objectives as stated in the TVA Act, that is, to provide for the national defense and enhance the nation generally through the physical, social, and economic development of the area in which it operates.

TVA sells electric power to distributors, a few large industries and government, and, since 1959, financing of the system has been entirely by the consumers of the power. Yet those who are paying for the system through the consumption of power would not share in proceeds of liquidation or in any appreciation of the system as would stockholders of a private system or the consumer-owners of a cooperative.

The federal government is the total owner of the TVA system and is the beneficiary as generating facilities financed by bonds are repaid by the consumers of the power.

In addition, the Congress has established the bounds of the TVA service area, has set out the power rate objectives as well as the rate structure policy, decisions in which other systems have flexibility.

As a by-product of this federally established and owned system the consumers in the TVA service area, as directed by the rate structure policy, have realized slightly lower electric rates made possible by the efficiencies in operation of the system.

POLLUTION CONTROL EXPENSE

To put TVA consumers on a comparative basis in respect to environmental improvement with consumers of privately produced electric power outside the TVA service area, the federal government should make a recognition of and assume the cost of federally required air and water pollution control programs.

Analogous treatment for TVA consumers could be provided through legislation which amends Section 15d to provide that the cost of air and water pollution control equipment be certified as a credit and payment in lieu of that required as dividends and repayment of appropriations.

Coverage would be for equipment installed to meet various standards imposed by legislation which was unanticipated at the time of the 1959 Bonding Act.

LEGISLATIVE PROPOSAL

The proposed legislation would provide that in Fiscal Year 1975 and following, the certified pollution control expenditures by the TVA for the preceding year would be a credit against the dividend requirement and annual repayment sum of $20 million that year. Should the certified pollution control expenditures in the previous year exceed these requirements, the sum in excess would be applied to reduction of the appropriation investment required.

(The TVA amendments of 1959 established a repayment requirement of $1 billion on the appropriations for power plants of approximately $1.2 billion. After the balance of the $1 billion is satisfied, interest would always be required on the remaining $200,000,000 of appropriated funds—and the government will continue to be total owner of the property and improvements which have been paid for by revenues from TVA power consumers.

The TVA board would certify the environ-

mental control investments to the EPA which would certify them to the Treasury as being in compliance with federal regulations and in furtherance of the U.S. policy to prevent water and air pollution.

Although no appropriations would be required under this proposal, the effect would be to afford consumers of TVA power with a treatment similar to that of privately owned facilities in regard to the pollution control investment. Cost of operation of the facilities would still be totally borne by consumers of TVA power. The details of TVA power operations have been established by the Congress after extended debates through the years. This proposal would not alter any of these details concerning area of service, rates for electricity, and rate structure policy.

By Mr. HARTKE (for himself and Mr. HANSEN) (by request):

S. 3058. A bill to amend chapter 37 of title 38, United States Code, to permit interest on loans under section 1810 of the chapter to be as agreed upon by the lender and borrower, and for other purposes. Referred to the Committee on Veterans' Affairs.

Mr. HARTKE. Mr. President, today, at the request of the administration, I have introduced S. 3058, for myself and for the ranking minority member of the committee, Mr. HANSEN. This bill would amend chapter 37 of title 38, United States Code, to permit interest on Veterans' Administration guaranteed loans under section 1810 of that chapter to be agreed upon by the lender and borrower and other related purposes. Because this matter relates to veterans benefits and would amend title 38, United States Code and comes within the jurisdiction of the Committee on Veterans' Affairs, I agreed to introduce this bill which is a part of the larger program of reform of our financial systems, presented for consideration by the President and referred to the Committee on Banking, Housing and Urban Affairs which has jurisdiction over the other matters contained in the program.

While I have done the foregoing by request so that it may receive consideration by the appropriate committee having jurisdiction over the subject matter, I must express my initial reservations concerning the merits of the proposed legislation. At present, the maximum interest rate allowable on GI loans is set by the Administrator of Veterans' Affairs. This bill would permit the borrower and the lender to agree on any interest rate so long as no fees or discounts in the nature of points were charged for making the loan.

Twice before, the Congress has attempted by legislation to eliminate points in connection with GI loans and twice it has proven to be administratively unfeasible. This method of allowing a fee and uncontrolled rate to be set by the lender has other built-in danger signals. It places a heavy burden on the unsophisticated borrowers to assume that he has obtained a reasonable rate of interest for his loan under the existing market climate. "Free" rates usually go as high as the traffic will bear and is restrained only by the ability of borrowers to recognize and not accept rates in excess of the going rate in the marketplace. Many veterans may not be in a position to know when rates are excessive. In addition, many States have exempted GI loans from usury statutes and that restraint would not be present. Because ceilings usually tend to become floors under circumstances such as these, it would appear to me that the veteran is better served by the Administrator of Veterans' Affairs establishing a ceiling rate for GI loans. At a given time, veterans' benefits should be identical, but such will not be the case if each veteran must negotiate with the lender the interest cost of his GI loan. The less knowledgeable in money matters will undoubtedly suffer the most and yet they are those least able to cope with a financial disadvantage.

Nevertheless, I have reached no final judgment in this matter and I believe the Committee on Veterans' Affairs should consider this proposal and other alterations on its merits in hearings to be scheduled later this year.

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

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

S. 3058

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 37 of title 38, United States Code, is amended as follows:

(1) Subsection (c)(1) of section 1803 is amended by putting a period after the phrase "pursuant to this chapter", striking out all that follows thereafter, and inserting in lieu thereof the following: "The interest rate on loans guaranteed or insured under section 1810 of this chapter shall be as agreed to by the lender and borrower, unless the Administrator determines that such rate is excessive in view of the current interest rates in the mortgage or loan market in the areas involved. The Administrator shall prescribe such regulations as may be necessary to assure that lenders do not, directly or indirectly, make any charges in the nature of discounts or points in connection with loans guaranteed under section 1810 or insured under section 1815 of this chapter.".

(2) Subsection (a)(5) of section 1810 is amended by deleting the second sentence thereof.

(3) Subsection (c)(1) of section 1811 is amended to read as follows: "he is unable to obtain from a private lender in such housing credit shortage area a loan for which he is qualified under section 1810 or 1819 of this chapter as may be appropriate; and".

(4) Subsection (d)(1) of section 1811 is amended to read as follows: "Loans made under this section shall bear interest at a rate determined by the Administrator, and shall be subject to such requirements of limitations prescribed for loans guaranteed under this chapter as may be applicable.".

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR
OF VETERANS' AFFAIRS,
Washington, D.C., January 21, 1974.

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

DEAR MR. PRESIDENT: There is transmitted herewith a draft of a bill "To amend chapter 37 of title 38, United States Code, to permit interest on loans under section 1810 of the chapter to be as agreed upon by the lender and borrower, and for other purposes," with the request that it be introduced in order that it may be considered for enactment.

On August 3, 1973, the President submitted to the Congress a message proposing "A Program for Reform of Our Financial System." In his message the President pointed out that he would propose to the Congress legislation designed to strengthen and revitalize our country's financial institutions and that these proposals would be divided into seven major subject areas. One of the subject areas provided for the removal of FHA and VA interest ceilings in order to help insure more adequate funds for housing.

At the Administration's request, S. 2591 was introduced in the Congress to implement the President's message of August 3, 1973. The bill, cited as the "Financial Institutions Act of 1973," was referred to the Committee on Banking and Urban Affairs.

That part of the bill which directly relates to the Veterans Administration is set out as section 602, title VI, which together with section 601, is designed to remove maximum interest controls from both VA and HUD/FHA housing programs. Section 602 also would prevent a mortgagee from charging discounts or points, and would make perfecting amendments to section 1811 of title 38 (the direct loan program) to remove reference in that section to interest rates authorized for guaranteed and mobile home loans.

Since section 602 would amend title 38, United States Code, which pertains to veterans benefits, this draft bill, identical to section 602, is submitted as a separate proposal to insure its referral to the Committee on Veterans' Affairs. This would avoid any jurisdictional conflict between Committees which could ensue if the measure relating to our program is retained solely as a part of the overall Financial Institutions bill.

Maintaining an interest ceiling on VA mortgage loans has failed to keep costs down, as evidenced in part by the widespread use of discount points. At the same time, the ceilings have restricted the flow of private funds into mortgage markets. The removal of the interest ceiling will help to ensure more adequate funds for veteran housing.

We do not foresee the enactment of this proposal resulting in any appreciable additional cost.

We are advised by the Office of Management and Budget that there is no objection to the submission of this draft legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

DONALD E. JOHNSON,
Administrator.

S. 3058

A bill to amend chapter 37 of title 38, United States Code, to permit interest on loans under section 1810 of the chapter to be as agreed upon by the lender and borrower, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 37 of title 38, United States Code, is amended as follows:

(1) Subsection (c)(1) of section 1803 is amended by putting a period after the phrase "pursuant to this chapter", striking out all that follows thereafter, and inserting in lieu thereof the following:

"The interest rate on loans guaranteed or insured under section 1810 of this chapter shall be as agreed to by the lender and borrower, unless the Administrator determines that such rate is excessive in view of the current interest rates in the mortgage or loan market in the areas involved. The Administrator shall prescribe such regulations as may be necessary to assure that lenders do not, directly or indirectly, make any charges in the nature of discounts or points in connection with loans guaranteed under section 1810 or insured under section 1815 of this chapter."

(2) Subsection (a)(5) of section 1810 is amended by deleting the second sentence thereof.

(3) Subsection (c)(1) of section 1811 is amended to read as follows:

"he is unable to obtain from a private lender in such housing credit shortage area a loan for which he is qualified under section 1810 or 1819 of this chapter as may be appropriate; and".

(4) Subsection (d)(1) of section 1811 is amended to read as follows:

"Loans made under this section shall bear interest at a rate determined by the Administrator, and shall be subject to such requirements or limitations prescribed for loans guaranteed under this chapter as may be applicable."

By Mr. McGOVERN (for himself and Mr. ABOUREZK):

S. 3059. A bill to amend the public Health Service Act to provide an extension for startup assistance under section 771(b). Referred to the Committee on Labor and Public Welfare.

AMENDMENTS TO THE PUBLIC HEALTH SERVICE ACT

Mr. McGOVERN. Mr. President, I introduce for appropriate reference a bill to amend the Public Health Service Act.

The South Dakota State Legislature has voted the necessary authority to extend our 2-year medical school to 4 years. But to be able to carry out that authority it needs the aid offered by a provision of the Public Health Service Act which was designed to help such schools accomplish this conversion. That aid is $50,000 per third year medical student or, in our case, a total of about $1,750,000.

Unfortunately, the funding expires June 30, 1974. The South Dakota school, pending accreditation, cannot be ready to open its doors to third-year students until the fall of 1975.

Therefore, I am today introducing legislation to amend the Public Health Service Act to allow an extra year, until July 1, 1975, for application for the grant. It would also allow an extra year for enrolling the third-year class.

South Dakota has unusual needs for additional physicians. The physician-patient ratio is about 1 to 1,150—among the lowest in the Nation. The school can help make the difference. A further advantage is that community hospitals will give the students their clinical experience. It is expected that the graduates will return to these same communities for their practice. Family medicine is going to be emphasized rather than the specialties which require a dense population for support of the practitioner. And the school will make available continuing education for the doctors already practicing in the State.

This program is not a panacea for South Dakota medical service ills. But Federal assistance to put it into operation will provide the means to solve one very large part of the problem. With the conversion legislations designed for just such efforts, the need for 1 additional year to get ready should not be the factor which would deny the State the services to be provided.

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

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

S. 3059

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 771 (b) (2) of the Public Health Service Act is amended—

(1) by striking "July 1, 1974" and inserting in lieu thereof "July 1, 1975"; and

(2) by striking "June 30, 1975" and inserting in lieu thereof "June 30, 1976".

By Mr. HARTKE:

S. 3060. A bill to terminate the foreign tax credit for taxes paid with respect to income attributable to oil and gas operations. Referred to the Committee on Finance.

Mr. HARTKE. Mr. President, today, I am introducing legislation which effectively eliminates the foreign tax credit granted by our present tax laws to the oil extracting and refining corporations. This legislation will also stop the practice of the oil industry paying royalties to foreign governments and disguising these payments as levied taxes.

I have long been an advocate of correcting our tax laws which have done so much to stimulate investment abroad often at the expense of American jobs. The provisions of my present proposal have been an essential part of the comprehensive trade legislation—the Foreign Trade and Investment Act—which I introduced for the first time in September 1971, and reintroduced during this Congress, S. 151. I warned at that time of the impending chaos which would result if we continued to provide a subsidy in the form of foreign tax credits to corporations going abroad. Just recently, I heard my sentiments echoed by the distinguished Senator from Idaho (Mr. CHURCH) when he told his subcommittee investigating multinational companies that with all of the tax incentives we provide industry which moves overseas, it is a real wonder why any industry would still want to invest in the United States.

Mr. President, it is high time that we eliminated this kind of incentive. To demonstrate just how large a loophole the foreign tax credit has, in fact, been for U.S. oil companies producing abroad, I provide the following figures:

The U.S. oil companies account for more than 45 percent of all the foreign tax credits claimed by all U.S. industry. While U.S. businesses on the whole use the foreign tax credit provision to reduce taxes paid to the United States by 15 percent, the Treasury Department has estimated that oil companies used the foreign tax credit in 1971 to reduce their U.S. taxes by more than 75 percent. And the size of the loophole has increased tremendously since 1971. In Saudi Arabia alone, the so-called taxes paid the government on a barrel of oil have increased over eight times since February 1971.

Because of the oil company's use of foreign tax credits, U.S. corporations earned $1,085 million on mining and oil operations abroad in 1970, but paid not one penny in U.S. taxes on that income. It has been estimated that for fiscal year 1975, the taxes that the oil companies would pay to the United States, were it not for the tax credit, could be as high as $1.75 billion. Yet, because of the foreign tax credit, the companies will in all likelihood pay not 1 cent of taxes. Foreign credits from profitable overseas operations have, in fact, exceeded U.S. tax liabilities every year since 1962 and, therefore, these companies will have a large carryover in foreign tax credits for the next 5 years.

Although the foreign tax credit is a provision which applies to foreign earned income from many types of foreign investments, its impact in reducing U.S. tax liabilities is greatest in cases of the petroleum and mining sectors. The petroleum industry has particularly benefited by the U.S. Treasury's acceptance as creditable foreign taxes, the artificially constructed income taxes which have been levied by major petroleum exporting countries.

Instead of levying a large royalty or bonus payment to extract the economic rent from low-cost reserves, as would a domestic landowner in the United States, these countries have levied a tax as a percentage of the difference between a nonmarket posted price and a fixed per unit cost of production. These taxes are essentially a tax per barrel of oil produced and have little relationship to the profits generated by investments made in the production process. Yet, they are allowed to be credited against U.S. tax liabilities. If, instead, a royalty or bonus payment had been levied, these payments could only be deducted from gross revenue as expenses. The elimination of the foreign tax credit loophole will effectively do away with this deceitful practice.

As mentioned above, in every year since 1962, the aggregate value of the foreign tax credits granted to the petroleum industry has been greater than the U.S. tax liability on its foreign income. In 1968, the excess foreign tax credits were equal to 32 percent of the total creditable foreign taxes and by 1971, the excess foreign tax credits equaled 55 percent of the total foreign taxes paid.[1] In 1968, over 88 percent of the total foreign tax credits available to American multinational oil companies came from these quasi-income taxes levied by the petroleum producing countries, yet, only 28 percent of the net book value of the U.S. petroleum investments abroad were located in these areas.

The serious and damaging effect of the foreign tax loophole has been to provide an incentive for the American multinational oil corporations to shift income and investment for tax purposes out of the United States. By doing this, they avoid paying substantial income taxes. This has been a major factor in making the construction of refineries and petrochemical plants in the United States

[1] United States Department of the Treasury, "Statistics of Income Supplemental Report, Foreign Tax Credit, 1968," Table 5. Price Waterhouse and Company, "Statistical Data Compiled for Use in Analysis of Federal Income Taxes and Effective Income Tax Rates, Year 1971," January 15, 1973.

vastly less attractive than in foreign countries.

Even under the threat of nationalization, U.S. oil firms are more willing to invest in the Middle East than in the United States. Just last week, Occidental Petroleum Corp. announced a study plan for building a $500 million natural gas processing plant in Libya in spite of the recent history of expropriation of U.S. firms in that country. The foreign tax credit evidently is a stronger incentive than the disincentive of expropriation.

One clear way out of the energy shortage is to remove this incentive to invest and produce abroad. The treatment of the foreign tax credit as a deduction rather than as a credit would largely eliminate the tax shelter presently granted to the production, refining, and other downstream investments that have been growing so rapidly outside the United States.

While our present tax laws grant special preferences to an industry that no longer needs it, they also have contributed to our energy crisis by encouraging the oil companies to locate more and more of their business in foreign countries where they can avoid paying any U.S. taxes. The result has been to make the Nation overly dependent on foreign oil. Despite the fact that the demand for energy has been growing at a rate of 4 to 5 percent a year for the last 20 years, refinery capacity hardly grew at all during the 1960's and early 1970's. Production of crude oil in the United States is today at the same rate as it was 3 years ago even though large oil reserves still exist in this country. As a result, our dependence on foreign oil has increased from close to none in 1968 to over one-third of our total demand. The present embargo has forced the country to pay a very high price for this dependence on foreign oil in terms of lost jobs, inflation, disrupted lives, and general inconvenience. We must amend our foreign tax credit laws so it is no longer more profitable to build a refinery, or drill a well, in Saudi Arabia than in the United States.

The immediate elimination of the foreign tax credit as proposed by this legislation will correct this problem and redound to the benefit of all Americans caught in the squeeze of the energy crisis.

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

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

S. 3060

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 901 of the Internal Revenue Code of 1954 (relating to foreign tax credit) is amended by redesignating subsection (f) as (g), and by inserting after subsection (e) the following new subsection:

"(f) Taxes on Income Attributable to Oil and Gas Operations.—This subpart shall not apply to taxes paid or accrued to any foreign country with respect to income attributable to the extraction, production, or refining of oil or gas."

(b) The amendments made by subsection (a) shall apply with respect to taxes paid or accrued in taxable years beginning after the date of the enactment of this Act.

By Mr. MONTOYA:

S. 3061. A bill to amend the Federal Meat Inspection Act, as amended, to require frankfurters and similar cooked sausages to contain a protein level of not less than 12 per centum. Referred to the Committee on Agriculture and Forestry.

Mr. MONTOYA. Mr. President, many years ago the American hot dog was served with pride to visiting heads of state. It was, literally, as American as apple pie. During the depression years it was still a symbol of the good and nutritious daily food of the average man—good enough for President and Mrs. Roosevelt to offer to guests at their Hyde Park home.

Today, unfortunately, American mothers are often afraid to serve it to their families; if they do, they wonder if it has any food value at all. It looks like meat, it smells like meat—but it is sometimes little more than fat and water and pink dye.

The legislation I am introducing today as an amendment to the Federal Meat Inspection Act will provide minimum Federal standards for protein content of frankfurters and similar products. It will attempt to assure that the protein content of the hot dog is once again high enough so that American children can safely eat it and American mothers can know that it is a nutritious part of the family diet.

In 1967, when I introduced the amendments which modernized meat inspection legislation originally passed in 1908, I made clear that my goals included both assistance to the States and labeling and sanitation protections for the consumer. Today, I again seek to further both of these goals.

Many States now wish to establish minimum standards for meat products sold within their borders, and would like to be able to coordinate their efforts with regulations of the Federal Government agencies responsible. Federal standards will assure that interstate commerce does not interefere with the State laws seeking to protect consumers, and will provide needed unanimity in State and Federal regulation.

Unfortunately, in the existing Federal regulations for hot dogs—all the many forms of frankfurter, sausage, bologna, weiners, and so forth, which Americans love to eat—there are no standards other than limitations on the water, fat, and binder content. There is no minimum standard for protein.

But, of course, the purpose of a "hot dog" is to provide protein. Most consumers would agree that their primary reason for purchasing meat and meat products is to provide a high protein content in their diet. The nutritional value of the other elements of the hot dog is negligible.

People buy hot dogs because they are inexpensive and because they believe that the quality has been insured by Government regulation. But although the price has risen along with all other inflated food prices of this period, there is no real Government standard for the most important ingredient in hot dogs—protein.

In investigating the correct protein level which should be mandated, I have discovered that there is agreement among the experts. Dr. William L. Sulzbacher, of the University of Maryland, has expressed the feeling of most agriculture and nutrition experts whom I contacted. Dr. Sulzbacher's statement said:

I think the proposal to fix the protein content of frankfurters at 12 percent is an excellent one. It is a better approach to the problem of regulating food composition than the present system which fixes the fat content and lets the protein arrange itself by default. By regulating the protein content you are fixing your sights on the primary target of our nutritional concern. So long as current standards for added moisture are maintained, and fillers are restricted, a fixed protein content will assure consumers of a nutritious and well made frankfurter and, at the same time, meat processors will be allowed a reasonable degree of freedom in formulating distinctive products.

The Food and Drug Administration of Canada is also proposing a 12-percent minimum standard for that nation's sausage product. In order to export our product we will have to conform to that nation's standards unless we raise our own.

A uniform standard, high enough to provide a decent food content, will protect consumers and assist State governments in supervising and inspecting meat sales.

Over 14 billion hot dogs were eaten in America last year. We know now that many of them have less than 10 percent protein content. Yet more and more families are eating this relatively inexpensive food. We must offer them better protection than we do now.

Mr. President, I ask unanimous consent that statements in support of legislation of this sort from Dale Ball and William Sulzbacher be printed at this point in the RECORD along with a copy of the proposed Canadian regulation.

I urge support for this legislation.

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

S. 3061

Be it enacted by he Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nutritious Hot Dog Act of 1974".

SEC. 2. (a) Section 1(m) of the Federal Meat Inspection Act, as amended (21 U.S.C. 602) is amended by—

(1) striking out the word "or" at the end of subparagraph (8);

(2) striking out the period at the end of subparagraph (9) and inserting in lieu thereof a semicolon and the word "or"; and

(3) adding at the end thereof a new subparagraph as follows:

"(10) if it is a frankfurter, frank, furter, hot dog, weiner, vienna, bologna, garlic bologna, knockwurst, or similar cooked sausage and the protein level thereof is less than 12 per centum."

STATEMENT BY B. DALE BALL, DIRECTOR, MICHIGAN DEPARTMENT OF AGRICULTURE, IN SUPPORT OF A 12-PERCENT MANDATORY PROTEIN REQUIREMENT IN SAUSAGE PRODUCTS, FEBRUARY 12, 1974

The Michigan Department of Agriculture supports federal legislation which would establish a minimum twelve (12) percent protein standard for sausage products.

Consumers depend on meat products as an important source of high quality protein. Protein is obviously the sought-after nutritional element in meats. Fats are available

in many other foods, often to excess in the American diet, and it is not necessary for consumers to purchase meat products to obtain fat. Thus, the federal standard on fat content in sausages, without a protein standard, is not a desirable standard for consumers. In fact, the federal standard for fat content allows a wide variation in protein content, generally less than the twelve percent level.

Michigan has had a law requiring twelve (12) percent protein in sausage products for over two decades and has tested routinely for both fat and protein content. As a result of this experience, we believe federal legislation to mandate a twelve (12) percent protein minimum would not increase costs incurred by regulatory agencies policing the manufacture of these meat products. The Michigan Department of Agriculture's laboratory has found the tests for protein content to be no more expensive nor time consuming than tests for fat content.

As a consumer and as Director of Agriculture I ask these questions: If protein is the important nutrient in meat products, why is protein not the standard? Why do regulations intended to aid the consumer evade the most realistic standard?

Requiring a minimum of twelve (12) percent protein will do more for assuring a quality protein source than provided by present federal regulations. Our laboratory has found that to assure a twelve (12) percent protein level would generally limit total fat content to approximately 27 percent. For the last 186 samples of bologna and wieners tested by this agency's laboratory, the percent of protein averaged exactly twelve (12) percent, but fat averaged only 27.8 percent.

Under the federal standard allowing 30 percent fat (with no protein standard), the range in protein of products tested was from 9.6 percent to 12.1 percent. Thus, many consumers have received products with less than ten percent protein under existing federal standards.

Based on decades of enforcement of a twelve (12) percent protein standard by the Michigan Department of Agriculture, I strongly support federal legislation proposing a mandatory twelve (12) percent protein requirement.

FULTON, MD.,
February 6, 1974.

Hon. JOSEPH M. MONTOYA,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MONTOYA: I think the proposal to fix the protein content of frankfurters at 12 percent is an excellent one. It is a better approach to the problem of regulating food composition than the present system which fixes the fat content and lets the protein content arrange itself by default. By regulating the protein content you are fixing your sights on the primary target of our nutritional concern. So long as current standards for added moisture are maintained, and fillers are restricted, a fixed protein content will assure consumers of a nutritious and well made frankfurter and, at the same time, meat processors will be allowed a reasonable degree of freedom in formulating distinctive products.

It was a pleasure discussing this problem with Mr. Garten. If I can find additional information bearing on the history of protein in American frankfurtres I will write you.

Respectfully yours,

WILLIAM L. SULZBACHER.

PROPOSED REGULATIONS FOR MEAT PRODUCTS

Minimum protein requirements have been proposed in an Information Letter to all food manufacturers. Uncooked sausage should contain not less than 10% protein; and weiners, bologna, meat loaf, luncheon meat, etc., not less than 12%. Objectives of 25% and 30% protein, respectively, have been put forward by the Health Protection Branch.

There is no objection in principle to the sale of simulated meat products; but to assure equivalent nutrition, a regulation is proposed that these contain not less than 12% of high quality protein. Minimum values for thiamine, riboflavin, niacin, pyridoxine, vitamin B_{12}, iron, and magnesium are also specified. Similar nutritional standards are proposed for mixtures of meat and non-meat products.

The Department of Consumer and Corporate Affairs has made proposals regarding the labelling and advertising of simulated meat and these have been sent to food manufacturers for their comments.

By Mr. BURDICK (for himself, Mr. RANDOLPH, Mr. CLARK, Mr. BIDEN, and Mr. DOMENICI):

S. 3062. A bill entitled the "Disaster Relief Act Amendments of 1974." Referred to the Committee on Public Works.

Mr. BURDICK. Mr. President, on behalf of myself, the Senator from West Virginia (Mr. RANDOLPH) the Senator from Iowa (Mr. CLARK), the Senator from Delaware (Mr. BIDEN), and the Senator from New Mexico (Mr. DOMENICI). I introduce for appropriate reference a bill to amend the Disaster Relief Act of 1970—Public Law 91-606.

Approved on the last day of the year, the 1970 law has been applied more frequently in a short period than any previous similar act. In only 3 years after its entctment, the President declared 111 major disasters in 41 different States. During that period floods, tornadoes, hurricanes, earthquakes, fires, and other natural catastrophes caused many deaths and injuries, displaced thousands of people from their homes, and left several billion dollars in damages to property. In 1973 alone 46 major disasters covering about one-fourth of all U.S. counties in 31 States necessitated Federal help of some type to more than 75,000 families.

Tragic as is this record, there has been an unusual opportunity to observe and evaluate the various programs authorized by that law. Although certain of its features have been criticized, the basic pattern of public and private assistance provided by the Disaster Relief Act of 1970 received wide support. The President's report to Congress on May 14, 1973, and the administration-sponsored bill—S. 1840—while urging increased responsibility in disaster relief for the States and proposing several significant departures from the present system, recommended retaining many provisions of the 1970 act with little or no change.

Likewise, a large majority of those who testified before the Senate Subcommittee on Disaster Relief during extensive hearings last year favored continuance of most of its programs. At the same time recommendations were made to modify, expand or curtail certain features. Some of the more than 60 specific legislative changes advocated by witnesses seem to be impracticable or of doubtful merit, but numerous others were constructive and have contributed to the formulation of this bill.

Careful consideration of the evidence available to the subcommittee leads me to conclude, however, that a number of sections in the 1970 act should be updated and strengthened, certain kinds of benefits should be modified, and several new provisions should be added. In addition the Executive order in 1973 replacing the Office of Emergency Preparedness—formerly in the Executive Office of the President—with the Federal Disaster Assistance Administration—in the Department of Housing and Urban Development—necessitates many changes in language and cross references in the law.

The more significant amendments I am introducing today can be summarized briefly as follows: First, redefining "major disaster" to include additional causes for disasters and to permit a different level of response for a major disaster than for those of lesser impact; second, strengthening provisions for disaster planning, preparedness, and mitigation; third, requiring acquisition of any available insurance to protect against future disaster losses any property repaired or restored with Federal assistance; fourth, imposing civil and criminal penalties for violations of U.S. disaster relief laws; fifth, authorizing the President at the request of a Governor and in accord with his recommendation to impose controls on maximum wages, rents, and prices in major disaster areas; sixth, authorizing 100-percent grants for repairing or reconstructing public educational and recreational facilities—in addition to other public facilities as now—and private, nonprofit medical and educational facilities—similar to 1971 and 1972 acts—damaged by major disasters, and permitting State and local governments the option of 90-percent grants with greater administrative flexibility for damaged public facilities; seventh, allowing direct expenditures not to exceed $2,500 for restoration of damaged homes to habitable condition; eighth, creating a grant program to States for financial assistance to needy disaster victims; ninth, directing that food commodities be made available for distribution in major disaster areas; tenth, authorizing grants not to exceed 10 percent of annual operating budgets to local governments suffering revenue losses and in financial need because of major disasters; eleventh, providing professional counseling services for mental health problems caused or aggravated by a disaster; and twelfth, establishing a new, long-range economic recovery program for major disaster areas.

INCREASED NUMBERS, SIZE, AND COSTS OF DISASTERS

The management and delivery of Federal disaster assistance have become problems of great magnitude. Losses attributable to natural hazards are impossible to predict, but their trend appears to be markedly upward. Nearly every section of the Nation has incurred substantial damage in recent years from destructive forces unleashed by floods, tornadoes, hurricanes, earthquakes, and other catastrophes. At the same time Federal activities and expenditures for assistance in disasters have significantly increased.

Since 1953 the President has declared a total of 417 major disasters, but the incidence has varied considerably year by

year. Despite the approximate annual average of 20 such declarations, the range is from a low of 7—in both 1958 and 1959—to highs of 48 in 1972 and 46 in 1973. In each of 8 different years there were more than 20 major disaster declarations, but in 7 others less than 15 were proclaimed. The latter part of this period has witnessed a marked advance in the number of major disasters; in contrast to a total of 141 declarations by the President in the first decade—1953–62—there were 222 such declarations in the next 10 years—1963–72. Every record was surpassed, of course, during the last 2 calendar years, when almost 23 percent—94—of all declarations for the last 21 years were issued—see table I. Already in 1974 there have been eight additional declarations.

TABLE I.—NUMBER OF MAJOR DISASTERS AND ESTIMATED REQUIRED OEP-FDAA[1] EXPENDITURES

Calender year	Number of declared major disasters	Estimated required OEP-FDAA expenditures[2]
1953	14	$2,634,677
1954	17	9,243,419
1955	18	16,778,942
1956	16	4,528,272
1957	16	13,272,808
1958	7	4,900,749
1959	7	5,071,637
1960	12	$8,939,326
1961	12	12,735,062
1962	22	50,851,736
1963	20	11,438,070
1964	25	134,387,260
1965	25	88,378,156
1966	11	10,765,330
1967	11	28,826,139
1968	19	14,219,629
1969	29	231,666,874
1970	17	94,062,792
1971	17	214,436,787
1972	48	713,889,127
1973	46	173,800,498
1974[3]	8	
Total	417	1,844,827,290

[1] Now Federal Disaster Assistance Administration. Formerly Office of Emergency Planning and Office for Emergency Preparedness.

[2] Estimated required amounts listed for calendar years 1953 through all of 1967 and most of 1968 are identical with actual obligations for those years.

[3] 1974 totals through Feb. 20. Cost data for 1974 not yet available.

Mr. BURDICK. As might be expected, property losses from major disasters have likewise risen sharply. Part of this is due to the extensive devastation caused by several unusually large hurricanes — Betsy — 1965; Camille — 1969; Celia—1970; Agnes—1972—and by the San Fernando Earthquake—1971. Other factors contrbuting to soaring costs of recent disasters, however, have been the concentration of residential units—including mobile homes—commercial establishments, and industrial facilities in relatively small, sometimes vulnerable areas and the very sizable nationwide escalation of all property values. It is a startling fact that the combined property damage attributed to only three recent natural events is some $5 billion: Hurricane Camille—over a billion dollars; the San Fernando Earthquake—half a billion dollars; Hurricane Agnes—over $3 billion. Enormous losses have been inflicted during 1972 and 1973 by a record number of tornadoes and by very widespread, repeated flooding, especially in the Mississippi River watershed.

Federal disaster assistance expenditures have likewise increased in sizable proportions during the last two decades. Not counting the costs of subsidized interest rates for or uncollected principal on disaster loans and such indirect charges as salaries and services rendered by the staffs of numerous governmental agencies performing occasional unreimbursed disaster-related functions, direct Federal expenditures since 1953 for disaster assistance have totaled over $4 billion—see table II.

TABLE II.—DIRECT FEDERAL EXPENDITURES FOR DISASTER ASSISTANCE, 1953–73

Agency	Purpose	Amount
1. Federal Disaster Assistance Administration (formerly Office of Emergency Planning and Office for Emergency Preparedness).	Direct relief expenditures from President's emergency fund and reimbursement of other Federal agencies for disaster-related costs.	$1,844,827,290
2. Small Business Administration	Forgiveness credit or cancellation of principal on disaster loans.	809,254,922
3. Farmers Home Administration	do	448,180,766
4. Department of Agriculture	Cost of food commodities and coupons provided disaster victims without charge, 1969–73.	18,415,159
5. Federal Highway Administration (formerly Bureau of Public Roads).	Repair and reconstruction of disaster damages to highways on Federal-aid systems.	484,637,000
6. U.S. Army Corps of Engineers	Emergency flood preparation, fighting, and rescue operations, and repair or restoration of flood control works threatened, damaged or destroyed by floods (Public Law 84–99).	299,341,940
7. Veterans' Administration	Losses on VA home loans, because of disasters (approximately).	$2,000,000
8. Office of Education	Repair, restoration, and reconstruction of disaster damaged public elementary and secondary school buildings, debris removal, purchase of equipment and supplies, under Public Law 81–815 and Public Law 81–874.	102,330,691
9. Federal Insurance Administration	Net program costs of the national flood insurance program, 1969–73.	46,774,000
Total		4,051,761,768

Mr. BURDICK. Less than half—1.8 billion—of this amount has been expended from the President's emergency fund, which is administered by the Federal Disaster Assistance Administration and its predecessor agencies. The second largest charge, some $1.25 billion, represents subsidies to private property owners since 1965 for that portion of Small Business Administration or Farmers Home Administration disaster loans that has been forgiven outright or cancelled. Emergency relief funds obligated for the repair and reconstruction of highways on various Federal-aid systems cost $448 million, and nearly $300 million has been expended by the U.S. Army Corps of Engineers for disaster-related activities under Public Law 84–99.

The U.S. Office of Education since 1966 has made payments—under amendments to Public Law 81–815 and Public Law 81–847—totaling over $103 million for repair, restoration, and reconstructary and secondary schools, debris removal, and purchase of replacement supplies and equipment, while over $46 million has been expended by the Federal tion of disaster-damaged public elemen- Insurance Administration since 1969 for national flood insurance costs. In addition, more than $18 million worth of food commodities and coupons has been distributed to disaster victims since 1969.

Data on Federal income tax deductions through the years for casualty losses on property damaged by disasters is not obtainable, but the amount is no doubt large. Likewise, records of the Veterans' Administration do not differentiate between the loss sustained on home loans because of disaster and other types of losses. However, according to official estimates, costs to the VA resulting from foreclosures and the acceptance of voluntary deeds to properties as a result of disaster damage from 1966 through 1973 approximates $2 million, exclusive of agency costs for counseling borrowers or inspecting and appraising damaged property.

A more detailed analysis of Federal disaster assistance expenditures made during the last two decades reveals that the Federal Disaster Assistance Administration—and its predecessors—the national agency most directly concerned with disaster relief, has either obligated or estimates that it will be necessary to obligate some $1.8 billion for major disasters, during this period. However, when this total is broken down into 5 year segments as follows, the trend toward multiplying Federal costs becomes very evident: 1953 through 1957—$46.4 million; 1958 through 1962—$82.5 million; 1963 through 1967—$364.7 million; 1968 through 1972—$1,268 million. Estimated obligations for the years 1973, which are not yet final, are likely to appropriate another $200 million—see table I.

Similarly, mounting expenditures for disaster relief purposes by other agencies, such as the Small Business Administration, the Farmers Home Administration the Federal Highway Administration, and the Army Corps of Engineers have kept pace. For example, the SBA share of the more than 500,000 disaster loans which that agency has made during the last 21 years totals more than $3 billion, but only $176.5 million of that amount was committed during the first 10 years, 1954–63. By contrast, about two-thirds of the total was loaned during the last 4 years, 1969–73, and one-half—$1.5 billion—during 1973 alone—see table III.

TABLE III.—SMALL BUSINESS ADMINISTRATION DISASTER LOANS, 1954-74

Fiscal year	Number of loans	Total amount	SBA share	Amount canceled
1954	157	$742,111	$742,111	
1955	1,086	7,872,477	7,799,477	
1956	3,309	44,402,267	42,422,499	
1957	1,597	12,991,664	12,243,939	
1958	1,559	17,305,827	16,771,341	
1959	908	9,201,747	9,013,061	
1960	625	4,514,860	4,379,035	
1961	2,778	25,735,543	24,726,193	
1962	6,106	39,680,469	38,917,648	
1963	2,305	20,230,360	19,482,369	
1964	2,509	48,873,180	47,315,003	
1965	3,891	76,454,552	73,596,360	$35,734,858
1966	30,950	$199,253,693	$197,463,022	
1967	2,035	24,237,021	23,769,036	
1968	14,126	114,176,638	113,594,925	
1969	2,128	22,347,775	22,231,869	
1970	17,011	175,102,132	174,955,386	$26,004,996
1971	57,407	298,084,815	297,941,725	29,923,029
1972	93,342	323,947,581	322,865,126	190,828,226
1973	215,001	1,518,363,263	1,517,604,979	431,714,715
1974 (July 1-Nov. 30, 1973)	44,350	264,000,000	263,000,000	95,049,096
Total	503,180	3,247,518,075	3,230,835,104	809,254,920

Mr. BURDICK. Farmers Home Administration emergency and disaster loans likewise have greatly increased in number and amount. Since 1950 FHA has made emergency loans to farmers for damage to crops and fields caused by natural hazards, and since 1966 it has also made rural housing and crop disaster loans for major disasters declared by the President. During the 24 years since the inception of this program, FHA has made over 672,000 emergency and disaster loans totaling nearly $2.2 billion—see table VI. While the great bulk of these were for emergencies declared by the Secretary of Agriculture under his statutory authority, many of the largest outlays resulted from Presdential major disaster declarations in recent years.

In the first 4 years of the FHA emergency program, 1950–53, nearly 96,000 loans totaled only $128.5 million. However, for the same periods as noted for SBA above, the total amount of FHA loans more than doubled in the last decade from that of the previous decade. From 1954 through 1963 inclusive, 271,000 FHA emergency and disaster loans totaling $615.3 million were made whereas in the next 10 years some 301,000 loans totaled $1,429 million. Because of the extraordinary number of loans engendered by Hurricane Agnes and the enlarged benefits provided by Public Law 92–385, however, more than one-third—$557 million—of this latter amount was committed for 128,000 loans during the 1973 fiscal year—see table IV. Distribution by the Department of Agriculture to disaster victims of free food commodities since 1953 and of free food coupons since 1969 has cost a total of at least $18.4 million—see table VII.

TABLE IV.—FARMERS HOME ADMINISTRATION EMERGENCY LOANS, 1950-73

Fiscal year	Number of loans	Amount obligated	Amount canceled
1950	25,506	$31,580,777	
1951	13,471	20,381,480	
1952	21,380	32,467,909	
1953	35,585	44,094,598	
1954	46,991	94,078,763	
1955	56,444	89,126,550	
1956	45,847	86,984,324	
1957	28,887	66,673,841	
1958	24,247	63,419,194	
1959	11,404	39,841,471	
1960	9,188	22,858,368	
1961	7,926	26,512,165	
1962	20,861	63,340,076	
1963	19,333	62,461,382	
1964	15,302	50,095,845	
1965	22,279	78,396,660	
1966	24,371	100,414,795	$7,068,285
1967	22,174	94,604,930	305,486
1968	22,228	108,008,150	
1969	20,686	$114,716,153	
1970	12,862	89,430,160	$2,383,123
1971	19,869	127,635,905	16,600,861
1972	13,056	108,911,810	7,432,637
1973	128,667	557,766,139	410,015,328
Total	668,564	2,173,801,445	443,805,720

TABLE V.—FARMERS HOME ADMINISTRATION RURAL HOUSING DISASTER LOANS

Fiscal year	Number of loans	Amount obligated	Amount canceled
1966	194	$1,697,290	
1967	92	1,161,500	
1968	309	890,310	
1969	113	916,950	
1970	405	4,449,830	
1971	486	4,962,470	$117,330
1972	273	2,031,700	653,648
1973	1,694	7,549,440	3,604,068
Total	3,566	23,659,490	4,375,046

TABLE VI.—FARMERS HOME ADMINISTRATION COMBINED EMERGENCY AND RURAL HOUSING DISASTER LOAN TOTALS

Program	Number of loans	Amount obligated	Amount cancelled
Emergency loans, 1950-73	668,564	$2,173,729,445	$443,805,720
Rural housing disaster loans, 1966-73	3,566	23,659,490	4,375,046
Grand totals	672,130	2,197,388,935	448,180,766

TABLE VII.—DEPARTMENT OF AGRICULTURE COST FOR FOOD COMMODITIES AND FOOD COUPONS PROVIDED DISASTER VICTIMS, 1969-74 [1]

Fiscal year	Donated food commodities		Free food coupons	
	Number assisted	Cost	Number assisted	Cost
1969	62,706	$211,815		
1970	522,676	1,190,542		
1971	247,463	1,004,413	40,144	$1,009,882
1972	160,557	994,616	41,721	771,290
1973	320,904	292,300	662,668	12,824,942
1974 [2]			3,365	115,359
Total	1,314,306	3,693,686	747,898	14,721,473

[1] Expenditures for food commodities provided for disaster relief before 1969 and for food coupons before 1971 not available. Food coupon cost does not include expenditures of assistance provided disaster victims for long-term periods under the normal food stamp program.

[2] Food coupon data through Jan. 31, 1974, only.

Note: Total persons assisted, 1969–74—2,062,204; total cost of programs, 1969–74—$18,415,159.

Mr. BURDICK. While substantial portions of outstanding Federal disaster loans have been or will be repaid, the actual burden incurred by the National Government in financing these programs cannot be measured in terms of administrative costs and uncollected obligations only. Two other features, subsidized interest rates and forgiveness credit, by conservative estimates have added at least another billion dollars more to the real total chargeable to this type of assistance.

Both SBA and FHA disaster loans for many years have carried interest charges at levels below those established for similar loans from commercial lending institutions. Fixed at 3 percent until raised by the 1970 act to not more than 2 percent less than the current market yield for long-term U.S. obligations, the rate was dropped to its low point of 1 percent in August 1972—after Hurricane Agnes—then escalated to 5 percent in April, 1973. However, an act passed by Congress late in December and approved by the President on January 2, 1974—Public Law 93–237—reinstated for a 90-day period Farmers Home Administration disaster loans at 1 percent interest with $5,000 forgiveness for farmers living in counties designated as disaster areas between December 27, 1972, and April 20, 1973. Farmers in more than 900 counties in 39 States will be eligible retroactively for these benefits, which had been suspended by Executive order on December 20, 1972, whereas recipients of Small Business Administration disaster loans were accorded the lower interest rate and cancellation features until the rate was raised to 5 percent and the $5,000 forgiveness was abolished on April 20—Public Law 93–24.

Determining accurately the eventual cost of generous interest terms for disaster loans is very difficult, but no doubt it will be large. During fiscal year 1973 alone when for three-fourths of the year the 1-percent rate prevailed, disaster victims received more than $2 billion in loans from SBA and FHA. In view of the fact that such loans can by law be made for periods up to 30 years, the annual subsidy for interest—$50 million or more for 1973 alone—must be taken into account.

Disbursements for forgiveness credit likewise constitute a very sizable amount. This approach was first applied in the Southeast Hurricane Disaster Relief Act of 1965—Hurricane Betsy—which permitted canceling of $1,800 principal of SBA disaster loans. A similar provision incorporated in the 1969 Disaster Relief Act—Public Law 91–79—authorized canceling a maximum of $1,800 in excess of the first $500 of both SBA and FHA disaster loans. Forgiveness credit was in-

creased to $2,500 in 1970 and was doubled to $5,000 in 1972 after Hurricane Agnes. The combined total of forgiveness credit for all disaster loans since 1965 is over $1.2 billion—see tables III, IV, V and VI.

Federal expenditures for repairing Federal-aid highways and for restoring flood control works damaged or destroyed by disasters also have risen remarkably in recent years. Nearly one-half billion dollars has been obligated by the Federal Highway Administration—and its predecessor agencies—during the last 21 years for reconstruction of highways on Federal-aid systems. More than $400 million of the total was spent in the last decade and over $260 million during the last 4 years alone—see table VIII. It should be noted that disaster-related costs for repairing non-Federal-aid roads, which are reimbursed from the President's emergency fund administered by FDAA, have likewise turned sharply upward.

TABLE VIII.—*Federal-aid highway disaster relief expenditures, 1953–73*

[Emergency relief funds obligated for repair and reconstruction of damaged Federal-aid highways]

Fiscal year:	Amount obligated
1953	$1,707,000
1954	1,059,000
1955	1,704,000
1956	10,056,000
1957	9,547,000
1958	9,657,000
1959	5,225,000
1960	2,184,000
1961	3,795,000
1962	4,957,000
1963	2,355,000
1964	17,522,000
1965	62,707,000
1966	35,619,000
1967	15,228,000
1968	14,586,000
1969	15,706,000
1970	73,897,000
1971	28,562,000
1972	34,166,000
1973 *	134,398,000
Total	484,637,000

* 1973 as of November 30.

Mr. BURDICK. Outlays made by the Army Corps of Engineers for flood-disaster related activities have not been quite as concentrated during recent years as those made by other agencies, but they do show a similar trend. Since 1953 the corps has committed $300 million under Public Law 84–99 for flood emergency preparations, rescue operations, shore protection, and restoration of disaster-damaged flood control works. However, approximately two-thirds of this amount was spent in the last decade and more than $80 million in the last fiscal year—see table IX. Likewise, over two-thirds of the expenditures by the Office of Education for aid to disaster-damaged public schools has been made since 1970—see table X. National Flood Insurance costs have been incurred only since 1969—see table XI and table XII.

TABLE IX.—*U.S. Army Corps of Engineers disaster related expenditures, 1953–73**

Fiscal year:	Amount expended
1953	$34,424,858
1954	2,809,796
1955	1,247,014
1956	13,687,061
1957	8,025,806
1958	7,932,569
1959	10,116,973
1960	5,431,633
1961	5,612,297
1962	5,109,189
1963	5,060,597
1964	1,293,589
1965	11,810,715
1966	19,763,018
1967	5,578,989
1968	6,251,427
1969	27,115,195
1970	24,986,612
1971	12,805,711
1972	9,741,167
1973	80,537,724
Total	299,341,940

* Under Public Law 84–99.

TABLE X.—DISASTER RELIEF EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, 1966–74

[Office of Education expenditures under Public Law 81–815 and Public Law 81–874]

Fiscal year	Public Law 815 (reconstruction) payment	Public Law 874–(repair, equipment, supplies, debris removal, etc.) Obligation	Public Law 874–(repair, equipment, supplies, debris removal, etc.) Payment
1966			$3,936,145
1967	$566,149		790,410
1968	629,049		3,300,296
1969	957,089		2,615,130
1970	4,328,548	$5,172,071	5,170,682
1971	4,385,629	11,800,927	11,701,559
1972	11,325,959	41,662,891	35,317,558
1973	5,522,559	66,838,545	10,213,497
1974 [1]	1,946,844	1,089,963	818,714
Total	29,661,826	126,564,397	73,863,991

[1] 1974 data incomplete.

Note: Total payments (1966–74) $103,525,817. Total obligated but not expended (1966–74) $52,760,406.

TABLE XI—*National flood insurance program costs, 1969–73 fiscal years*

Program by activities:	Actual cost
Insurance underwriting expense	$5,860,000
Loss and adjustment expense	26,046,000
Interest expense	539,000
Studies and surveys	14,901,000
Administration	3,087,000
Adjustment of prior year costs	40,000
Total program costs funded	50,473,000
Reinsurance premium earned	3,699,000
Net program cost	46,774,000

TABLE XII.—*National flood insurance program estimated costs, 1974–75 fiscal years*

Program by activities:	Estimated cost
Insurance underwriting expense	$12,860,000
Loss and adjustment expense	62,500,000
Interest expense	5,500,000
Studies and surveys	26,270,000
Administration	5,224,000
Adjustment of prior year costs	
Total program costs funded	$112,444,000
Reinsurance premium earned	12,560,000
Net program cost	99,794,000

LEGISLATIVE BACKGROUND

Mr. BURDICK. Increased national awareness of the dangers inherent in natural hazards and congressional willingness to provide substantially enlarged benefits to disaster victims is clearly reflected in the record of the last quarter century. Federal disaster relief assistance at first was made available primarily for public losses incurred by national, State, and local governments. The Basic Relief Act of 1950, Public Law 81–875, was limited almost entirely to aid for public agencies. Except for low-interest loans, special programs adopted after particular disasters—such as the Alaskan earthquake of 1964 or Hurricane Betsy in 1965—and power conferred in 1966 to refinance existing loans on property damaged in major disasters, Public Law 89–769, it was not until 1969 that the Disaster Relief Act of that year, Public Law 91–79, provided a number of direct benefits for the private sector. In addition to $1,800 forgiveness credit on disaster loans, that act authorized the providing of temporary housing for disaster victims as long as 12 months with rentals adjusted according to financial ability—but no higher than 25 percent of family income—free food coupon allotments to low-income households, unemployment assistance to those out of jobs because of a disaster, and debris removal from privately owned land or waters.

As noted in some detail below, the comprehensive Disaster Relief Act of 1970, Public Law 91–606, which replaced all general legislation then extant, not only incorporated most of the provisions of the 1950, 1966, and 1969 acts but also authorized a number of new and expanded benefits, both for the public and the private sectors. In 1971 an amendment was approved, Public Law 92–209, that provided for assistance up to 100 percent of the cost for repairing or reconstructing nonprofit, privately owned medical facilities damaged in a major disaster, and similar coverage was extended by the so-called Agnes Act, Public Law 92–385, to nonprofit, private educational institutions. The same act also lowered interest rate to 1 percent and doubled forgiveness credit to $5,000 on SBA and FHA disaster loans.

Late in December 1972, the Department of Agriculture suspended the emergency-disaster loan programs of the Farmers Home Administration, and, in an act approved April 20, 1973, Public Law 93–2, Congress repealed both the 1-percent and $5,000 forgiveness features for SBA and FHA disaster loans alike. Subsequently, the Senate and the House passed bills—S. 1672 and H.R. 8606—proposing lower interest rates and cancellation of certain portions of the principal for disaster loans, but on September 25, 1973, the Senate sustained—59–36—a Presidential veto of the agreed-upon ver-

sion. Among other matters the latter would have offered recipients of SBA and FHA disaster loans an option of either a 3-percent loan with $2,500 forgiveness credit or a 1-percent loan with no forgiveness.

As pointed out previously, a recent act (Public Law 93-237) ordered both the 1-percent interest rate and the $5,000 forgiveness credit to be reactivated during the 90 days after January 2, 1974, for applications made for Farmers Home Administration disaster loans resulting from natural disasters occurring after December 26, 1972, but prior to April 20, 1973. In effect this invalidates executive suspension of such loans during this 4-month period and permits them to be awarded on the same terms that were applicable for Small Business Administration loans. The same act also repealed restrictions inserted in the 1973 act, Public Law 93-24, which stipulated that applicants for FHA disaster loans should be "* * * unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms * * *" and substitutes the phrase that such loans shall be made "* * * without regard to whether the required financial assistance is otherwise available from private, cooperative, or other responsible sources."

Several important changes in the national flood insurance program made by the Flood Disaster Protection Act of 1973, Public Law 93-234, could have a significant impact on future Federal disaster assistance. Sizable increases in subsidized insurance coverage for losses caused by flooding were approved: The amount for single family residences was doubled from $17,500 to $35,000; multiple family dwelling units and business structures were made eligible for $100,000 insurance rather than the former $30,000; church properties and contents of such structures were authorized to be covered up to $100,000 for each; and subsidized insurance on contents was doubled for dwelling units from $5,000 to $10,000 and was increased for business properties from $5,000 to $100,000. Moreover, for the first time flood insurance was made available for protection against losses resulting from erosion and undermining of shorelines in lakes and other bodies of water.

In addition to providing much larger coverage, the new act in several ways will encourage more property owners in potentially hazardous areas to purchase flood insurance. After March 1, 1974, no Federal financial assistance can be approved for property acquisition or construction purposes in identified flood-prone areas in which the sale of flood insurance has been made available unless that property has been covered adequately by such insurance.

Within 6 months any communities with flood-prone areas not already participating in the flood insurance program are to be notified of their tentative identification as flood hazardous areas. These places must either apply for participation or demonstrate satisfactorily within 6 additional months that the hazards either do not exist or have been corrected. Although the Secretary at his discretion may grant a public hearing, his determination of the existence or the extent of flood hazard boundaries is conclusive. If a community identified as having special flood hazards fails to participate in the insurance program by July 1, 1975, no Federal financial assistance for acquisition or construction purposes can be provided in any hazardous area in that community. Federal agencies must by regulation prohibit banks, savings and loan associations and similar institutions from making, increasing, extending, or renewing any loan on improved real estate or mobile homes located in an identified flood-prone area unless the community in which it is located participates in the flood insurance program by July 1, 1975. Although the act allows the purchase of flood insurance at subsidized rates until December 31, 1974 on property recently constructed in flood plains, after that date applicable estimated risk premium rates will be imposed in such areas.

Other important sections of the act are worth noting here briefly. The requirement in the 1968 National Flood Insurance Act that disaster assistance should be denied to a property owner who neglected to purchase flood insurance more than a year after it became available to him was repealed. The Secretary was authorized and directed to employ various means of accelerating the identification and mapping of hazardous zones in flood-prone and mudslide-prone areas. Finally, flood hazard areas and land use restrictions are to be based on so-called 100 year flood standards established after consultation with local officials, subject to limited rights of administrative appeal and review.

In view of the fact that flooding has been the most costly of all natural hazards, the expanded coverage and assurance of wider participation in the flood insurance program provided by the 1973 Flood Disaster Protection Act at some future time should significantly reduce the level of governmental assistance to property owners after this type of major disaster. However, until it has been implemented fully in all flood-prone areas, there will be need for continued aid of other kinds.

Considerable interest has been engendered during recent years in the possibility of developing nationwide, comprehensive insurance for all kinds of major disasters. Most of the suggestions contemplate an all-risk type policy, partially subsidized by the Federal Government, to provide compensation for damages caused by all natural hazards, including floods. Those who support this concept argue that most property owners not only would be willing but also might prefer to contribute in the form of a comparatively small insurance premium for protection against disasters than to depend on receiving possible public or private assistance. In the 93d Congress at least a dozen bills have been offered in the House of Representatives and two—S. 1144 and S. 1578—in the Senate to establish a national system of major disaster insurance, but as yet no action has been taken.

The Federal Insurance Administration for several months has been conducting a study on the feasibility of a major disaster insurance program and is scheduled to report its findings to Congress in March of this year. Presumably it will investigate various alternative approaches, such as expanding the present flood-insurance system to include other types of disasters or a simple "add-on" to present property-owners comprehensive policies. Although any recommendation now would be premature, perhaps consideration should be given in the future to the advisability of broadening insurance coverage to apply to other disaster losses, especially if flood insurance, as newly revised, proves to be attractive and successful.

DISASTER RELIEF ACT OF 1970 (P.L. 91-606)

The 1970 Act was designed to provide a permanent, comprehensive Federal disaster assistance program and to strengthen the administrative structure necessary to assure effective management and delivery of aid to disaster victims. Its goal was to authorize immediate relief and recovery assistance for State and local governments, individuals, business establishments and other organizations without the necessity of further action by Congress. To accomplish this end the President, after first determining that damages and losses inflicted by floods, tornadoes, hurricanes, earthquakes, drought, fire and a number of other natural hazards were of such severity and magnitude to warrant Federal assistance, was authorized to declare a major disaster making a specified area eligible for a variety of aid programs and benefits.

Emergency relief for such essentials as temporary housing, debris removal, communications, public transportation, food, and restoration of public facilities could be extended without delay under the act as soon as a Presidential declaration was made. To implement the administration of disaster relief the act stipulated that a Federal coordinating officer should be appointed to appraise extent of relief needed, set up field offices, supervise emergency support teams and other agencies, and coordinate all assistance activities. Likewise, all Federal agencies were authorized to assist disaster areas by utilizing their personnel, facilities, supplies and equipment, distributing medicine, food and other consumables, and performing on public or private lands and waters emergency necessary work to protect life and property.

In order to mitigate potential damage, the President is authorized to use Federal resources, instrumentalities and personel to avert or lessen the effects of a major disaster believed to be imminent. He is also empowered to provide assistance—including grants—to States for the purpose of suppressing any fire on publicly or privately owned forest or grass lands which threatens to become a major disaster. Matching grants not to exceed $250,000, supplemented by annual grants up to $25,000, can also be awarded States to help develop comprehensive plans for preparation against disasters and for restoration of damaged or destroyed facilities.

Both public and private sectors are

made eligible by the 1970 act for a number of programs designed to assist the long-range physical, economic and social recovery of major disaster areas. If the repair or reconstruction of any damaged or destroyed facility owned by the United States is so urgent that it cannot be deferred pending enactment of special legislation, the President is authorized to order any such repair or reconstruction, notwithstanding a lack of insufficiency of funds for that purpose. All State and local government facilities, with the exception of those used exclusively for recreation, can be repaired, restored or reconstructed—according to previous design and conformity with applicable codes—by Federal grants not exceeding 100 percent of the net cost of such repair or reconstruction.

Applications from communities located in disaster areas for public facility and public housing assistance are to be given priority during a period not to exceed 6 months, and any Federal agency is also permitted to modify or waive during a disaster period those administrative procedural conditions which could not be complied with because of a disaster. Grants to local governments suffering substantial loss of property tax revenue because of a major disaster may be made by the President, with the restriction that no grant can exceed the amount needed to equal the annual average total income from property taxes received by a particular government during the last 3 years.

Families and individuals displaced from residential quarters by a major disaster may be provided temporary accommodations for as long as 12 months without rental charges and thereafter at fair market value adjusted to financial abilities of the occupants. Mobile homes or other emergency housing acquired by the Government may be purchased by occupants later at fair and reasonable prices. Mortgages or rental payments for up to 1 year may be made for those who are threatened with eviction because of defaults attributable to financial distress caused by a major disaster.

Although modified by Congress in 1972, Public Law 92–385, and in large part repealed in 1973, Public Law 93–24, sections 231, 232, and 234 of the 1970 act permitted homeowners and businessmen whose property was damaged by a disaster, without regard to whether financial assistance could be secured for other sources, to obtain SBA and FHA disaster loans at an interest rate 2 percent lower than that required for long-term U.S. obligations and with $2,500—after the first $500—of the principal forgiven or canceled. Likewise, existing mortgages or outstanding liens on homes or business concerns destroyed or substantially damaged in a major disaster could be refinanced by SBA or FHA at the same favorable interest rate.

Not repealed, however, was the authority conferred on the Veterans' Administration by the 1970 act to modify the rate of interest, time of payment of principal or interest, or other provisions of mortgages made or acquired by the VA—as well as by previous law those guaranteed or insured—and to extend "forbearance or indulgence" to homeowners with loans guaranteed, insured, made or acquired by the VA whose residential property suffers loss or damage in a major disaster.

Several other benefits provided in the 1970 act for individual disaster victims and private organizations are worth noting here. Persons unemployed as a result of a disaster may receive assistance not exceeding the maximum amount or the duration of payment provided by the unemployment compensation program of a State in which a disaster occurs, reduced to the extent that any regular unemployment compensation or private income protection insurance payments are made. Major sources of employment in areas suffering major disasters are made eligible for loans from the Small Business Administration—for nonagricultural enterprises—and the Farmers Home Administration—for agricultural enterprises—in amounts necessary to resume operations and to assist in restoring economic viability in those areas. Both food coupons and surplus commodities may be distributed to low-income households through the Secretary of Agriculture if the President determines that, because of a major disaster, they are unable to purchase adequate amounts of nutritious food. Low-income individuals and families also may be provided free legal guidance and counsel with the advice and assistance of appropriate Federal agencies and State and local bar associations. Any person displaced by a major disaster will not lose eligibility for relocation payments under urban renewal programs only because of inability to return and reoccupy his property.

The 1970 statute also stipulated certain conditions and procedures to be used in administering disaster assistance. In carrying out relief functions at the site of a disaster, regulations must insure that distribution of supplies, processing of applications and other assistance activities are done impartially and without discrimination on the grounds of race, color, religion, nationality, sex, age or economic status. With their consent the personnel and facilities of private relief organizations, such as the American National Red Cross, Salvation Army and the Mennonite Disaster Service, may be used to disburse food, medicine and other supplies and to help restore community services and essential facilities, but such organizations must agree to comply with nondiscrimination regulations promulgated by the national agency. In addition specific guarantee is made that the age of any adult loan applicant is not to be considered as a factor in determining whether a Federal disaster loan is to be granted or what the amount of the loan should be. To the extent feasible and practicable, preference is to be given to local individuals and firms in awarding contracts for debris clearance, reconstruction and other disaster assistance activities. Finally, no person or business is entitled to receive aid from more than one source, including insurance, for the same disaster loss; if it is determined that assistance for damages caused by a disaster exceed the amount of actual loss, that portion which is ruled to be excessive shall be returned to the Treasury.

DISASTER PREPAREDNESS AND ASSISTANCE BILL OF 1973 (S. 1840)

While retaining many features of the 1970 act, the administration-sponsored "Disaster Preparedness and Assistance Bill of 1973," (S. 1840) proposed a number of constructive and innovative improvements. Several concepts embodied in this measure, which reflects the results of a study conducted by the former Office of Emergency Preparedness and the Office of Management and Budget, received general support and should be enacted. For instance, such features as those making a legal distinction between a "disaster" and a "major disaster," encouraging advance planning and preparedness for disasters, mitigating dangers from natural hazards, requiring acquisition of reasonably available insurance protection to qualify disaster damaged property for future disaster benefits, providing Federal grants to help meet essential human needs and services attributable to major disasters, and imposing Federal criminal and civil penalties for violations of disaster relief laws, in my opinion would all strengthen the present act.

On the other hand the wisdom or usefulness of certain principles inherent in S. 1840, especially those which would curtail or eliminate some kinds of assistance and would shift to the States almost complete responsibility for administering particular federally funded disaster relief activities, is questionable. Perhaps the most commonly criticized section of the bill would reduce by 25 percent—from the present authorization of not to exceed 100 percent of the net cost to the proposed 75 percent of the estimated cost—the amount of Federal contribution to State or local governments for the reconstruction or replacement of disaster damaged public facilities and private, nonprofit medical and educational facilities.

Among the benefits now provided for disaster victims by Public Law 91–606 which are not included in the administration bill are those authorizing occupancy of temporary housing without charge for as long as 1 year, payments on mortgage or rental obligations for those threatened with eviction from their residences, and distribution of free food coupons and agricultural commodities. Sections providing for emergency communications, public transportation systems, indemnity for debris removal, and fire suppression grants are also dropped, although some of these same goals might be achieved under other authority.

It is difficult to understand why these provisions were not considered of sufficient value to be incorporated in S. 1840. Several of them are potentially significant and their elimination would not appear to improve the law. For example, section 225 of Public Law 91–606, which authorizes assistance, including grants—without the necessity of a major disaster declaration—to any State for the suppression of any fire on privately owned forest or grass land which threatens to become a major disaster, was used nine times during 1973 alone to provide aid to three States—Alaska, Montana, and Oregon. Providing occupancy of tem-

porary housing, food coupons, and agricultural commodities to needy disaster victims without charge also have proved to be very helpful. Consequently, the amendments I am submitting today would retain these in somewhat modified form.

Other controversial policy changes recommended by S. 1840 are those relating to temporary housing, amounts of grants to needy families, and distribution of funds within a State for the repair of public facilities and for the removal of debris and timber from public or private lands and waters. In place of the current direct Federal emergency housing program, the bill proposed substituting one administered entirely by the States with Federal funds apportioned according to an unspecified formula—to be determined by the President—based on the number of eligible individuals or families. Several witnesses raised doubts about the readiness, willingness and capability of most States to assume the full burden of acquiring, operating, and disposing of the large quantity of temporary housing needed quickly for any sizable major disaster. The view was also expressed that certain economies and advantages of national management—especially in providing mobile homes or other readily fabricated dwellings—such as centralized purchasing, transportation, and stockpiling, would be lost if each State had to be prepared continuously to mount a large-scale emergency shelter program.

The administration bill would also vest almost unlimited discretion in State Governors to determine the amount of payments to be made from Federal grants to needy families and the allocation of funds to local governments for repairing public facilities and for removing debris and timber from public or private lands and waters. With the exception that no family could receive more than $4,000, the Governor or his representative would set the eligibility requirements for and fix the amount of payments to families for uninsured losses and extraordinary disaster-related expenses. Similarly, there is no requirement that redistribution of Federal grants by the Governor to subordinate units of government would necessarily have to reflect or be in proportion to the extent or severity of their property losses in major disasters. Local officials fear that any advantages gained by freedom from Federal control and redtape by eliminating direct project grants might be offset or nullified by this absolute authority that would be conferred on the chief executive of each State.

One of the most significant changes proposed by S. 1840 involves an issue that does not come within the jurisdiction of the Senate Committee on Public Works. In place of the present system of Small Business Administration, Farmers Home Administration, and Veterans' Administration disaster loans, the bill would centralize all such authority in the President, who would be authorized either to make or to guarantee loans in major disaster areas for repairing, replacing, or restoring damaged property to the extent it is not covered by insurance and also to meet the needs of small business for working capital after major disasters. Similar to power conferred on SBA by section 237 of the present law, the President also would be authorized to make or guarantee disaster loans to any industrial, commercial, agricultural, governmental, or other enterprise that has been a major source of employment in a major disaster area in order to enable it to resume operations. Likewise, he could make disaster loans, not exceeding 10 percent of their operating budgets, to local governments in need of financial assistance because of a major disaster.

Disaster loans would be financed from a revolving fund to be established in the Treasury into which all interest, repayments and congressional appropriations would be deposited. They would bear an interest rate that could not exceed the annual rate on outstanding Federal obligations, and periodic debt service payments—not to exceed $100 million—could be made by the President in amounts sufficient to reduce the interest rates accordingly. New restrictions not appearing in present law, however, would stipulate that disaster loans could not be made or guaranteed if credit is otherwise available on reasonable terms and conditions or unless there is reasonable assurance of repayment. Inasmuch as the loan program will be reviewed by another Senate committee, the amendments proposed today do not attempt to deal with this problem.

After careful consideration of all obtainable evidence, I am convinced that the disaster assistance role of the Federal Government should not be abruptly or substantially diminished. Greater flexibility can be secured by increasing the administrative responsibility of State and local governments for some disaster activities, and the bill introduced today attempts to achieve this laudable goal. Nevertheless, to turn over completely to the States, without adequate national criteria and standards the handling of such crucial problems as emergency housing and various relief and reconstruction Federal grant programs, or to reduce or curtail certain types of assistance, would not, in my opinion, be a step forward.

OTHER PENDING MEASURES

In addition to S. 1840, hearings were held by the subcommittee on several other measures relating to disaster relief. An amendment introduced by Senator SCOTT of Pennsylvania (S. 753) to update the relocation assistance authorization in Public Law 91-606, section 254, by applying it to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 rather than to the Housing Act of 1949 has been accepted as part of the new bill I am introducing. A proposal in S. 1267—introduced by Senator STEVENSON—that the definition of major disaster causes should be broadened to include "erosion" was not acted upon because of the extension of the flood insurance program by the Flood Protection Act of 1973, Public Law 93-234, to cover losses from erosion and approval by the Senate of new demonstration shoreline and stream bank erosion programs in S. 2798.

Three other bills suggesting changes in the reasons for granting disaster assistance and in the organizational structure for administering relief were considered but are not included in the new bill: First, S. 1297—Senator BIDEN—proposed that the President should be permitted to declare a major disaster for "any act or accident which results in the severance of one or more important means of transportation or communication to any geographic area, and which causes substantial economic injury;" second, S. 1847—Senator MCGOVERN—would allow disaster declarations for "any act or accident caused by man which results in substantial economic injury to that area;" and third, S. 2265—Senator SCHWEIKER—asked that a new Civil Disaster Office be established in the Army Corps of Engineers to which would be transferred all powers to administer disaster relief now belonging to the Federal Disaster Assistance Administration.

PROPOSED 1974 AMENDMENTS

At the outset of the 93d Congress, the Senate Committee on Public Works agreed that several factors justified a review of the Federal role in providing disaster assistance. Both the number of and losses inflicted by major disasters have risen remarkably in the last few years. Also, it was expected that recommendations would be made soon by the Administration for revising some of the programs.

Consequently, the Subcommittee on Disaster relief has conducted an inquiry during the last 9 months on the adequacy, cost, and effectiveness of such assistance. Special attention has been devoted to an examination of the benefits provided by the Disaster Relief Act of 1970, as amended, and the administration of that law in more than 100 major disasters since it was enacted.

Field hearings were held—on the dates indicated below—in four cities which have been subjected to severe losses in recent major disasters: Biloxi, Miss., March 24; Rapid City, S. Dak., March 30-31; Wilkes-Barre, Pa., May 11-12; and Elmira, N.Y., June 1-2. Additional testimony on an administration-sponsored bill—S. 1840—and on other proposed relief measures was received during 3 days of hearings in Washington, September 11-13.

More than 300 witnesses testified in person at these hearings and nearly 90 others submitted statements for the record, which totaled over 2,800 pages. Among those appearing before the subcommittee were several Members of Congress, a few State legislators, numerous Federal, State and local officials involved in administering disaster relief, representatives from various private relief organizations and interest groups, and many private citizens. These spokesmen from different sections of the country presented a cross-section of widely diversified groups and opinions and enabled members to raise relevant questions about the quantity and quality of disaster assistance.

In addition to revisions in language and minor content changes in many sections of the 1970 act, the bill I am sub-

mitting today proposes several substantive modifications that, if adopted, would fill certain needs and correct certain defects brought to the attention of the subcommittee and would help improve administration of disaster relief and recovery in the future. Each of these significant amendments deserves separate explanation and comment.

1. DISASTERS AND MAJOR DISASTERS DISTINGUISHED (SEC. 102)

Although damage, or threat of danger, from natural hazards frequently is sufficient to warrant Federal help, its severity or extensiveness may not be enough to justify providing the many varied types of assistance needed for large catastrophic events. When the President declares a major disaster at the request of a State Governor under present law, his action automatically triggers all of the benefits authorized by Federal disaster legislation, even though there are situations in which only limited aid is required.

To alleviate this problem and to make it more practicable for the National Government to extend its resources during smaller emergencies, the definition of major disaster would be amended—as proposed by S. 1840—to create a new category of disaster separate from a major disaster. This would permit such assistance as equipment, food, other supplies, personnel, medical care, temporary shelter, minor housing repairs, and other essentials to be provided during limited emergencies without activating other parts of the law applicable only to those truly major in extent.

The bill defines a "disaster" as any one of a number of natural hazards or other catastrophes causing damage that requires emergency assistance. Added to the existing list of natural hazards that may result in disasters are the following natural phenomena: Tsunami, volcanic eruption, landslide, and snowstorm. A major disaster, on the other hand, is defined as any disaster which the President determines to be of sufficient severity and magnitude to warrant assistance above and beyond Federal emergency services to supplement the efforts and resources of States, local governments, and private organizations.

In accordance with this new definition, various sections of the bill refer only to emergency activities authorized during a disaster and do not contemplate providing a number of benefits unless a major disaster is declared by the President.

2. DISASTER PREPAREDNESS ASSISTANCE (SECS. 201 AND 202)

Because unforeseen disasters undoubtedly will strike many areas in the future with little or no warning, care should be taken to prepare for such catastrophes in advance and to mitigate personal injuries and property damages as much as possible.

In somewhat different language, both the 1969 and 1970 Disaster Relief Acts authorized 50 percent matching grants not to exceed $250,000 to assist States in developing comprehensive plans and programs for combating major disasters. However, for various reasons the States have not fully utilized this aid; 14 States received a total of $217,000 in Federal disaster planning funds during the 15 months the 1969 law was operative, while 11 States have been granted $712,000 under the 1970 law up to the present time. Only one State, California, has so far used the entire $250,000 apportionment, although as many as a dozen or so other State Governors have indicated interest in the program and will probably submit applications in the next few months.

Even though the amount required to be matched by the States under the present formula does not appear to be overly large, testimony presented to the subcommittee indicates that competition from other programs for limited State resources and the low priority sometimes assigned planning of this type has tended to lessen the number of applicants. Under the assumption that advance preparation against disasters is a sound investment, title II of the bill not only authorizes an outright, one-time grant of up to $250,000 for each State without required matching funds, but also provides for additional preparedness measures.

The President is empowered to establish a Federal disaster preparedness program using the services of all appropriate agencies in order to develop plans for disaster mitigation, warning systems, emergency operations, rehabilitation, and recovery and to conduct such activities as disaster training, coordination, research, evaluation, and statutory revision. He is also authorized to provide technical assistance to the States in developing their plans for preparation against disasters—including hazard reduction and mitigation—and for their assistance and recovery programs. Any State receiving a $250,000 planning grant must submit, through an agency designated for that purpose, a comprehensive disaster preparedness program to the President which sets forth provisions for both emergency and permanent assistance and provides for the appointment and training of appropriate staff and for the formulation of necessary regulations and procedures.

To encourage continuous revision and updating by the States of their disaster assistance plans, the provision in the 1970 act authorizing annual 50 percent matching grants not in excess of $25,000 to each State for that purpose is retained in this bill.

3. INSURANCE (SEC. 314)

The increased Federal costs of providing disaster assistance in recent years, especially to the private sector, has focused attention on the need for more extensive insurance coverage against losses caused by natural hazards. Without questioning the need for public aid to those disaster victims who may incur devastating losses beyond the level with which they are able to cope financially, it is not unreasonable to expect the ordinary property owner to purchase basic protection against such losses through any insurance reasonably available to him.

Consequently, the bill stipulates that, to the extent it is reasonably available, insurance must be obtained that is adequate to protect against future loss any disaster-damaged property which has been replaced, restored, repaired, or constructed with Federal funds under the disaster relief law. Moreover, unless such insurance is secured, no applicant for Federal assistance can receive aid for any damage to his property in future major disasters.

To comply with their specific request made during the hearings, State and local governments may elect to provide self-insurance on their public facilities against future disaster damages. However, those who choose to act as self-insurers will not be eligible for disaster assistance because of damage to property on which they previously received aid and for which other insurance is reasonably available.

Although this provision would not in itself have any immediate effect on disaster relief expenditures in the years ahead it could help decrease them very substantially. As expanded coverage and enlarged participation in the subsidized flood insurance program becomes effective under recently adopted amendments, funds for assistance to owners of properties damaged in future floods should be reduced proportionally. Similarly, requiring purchase of protection for disaster-damaged property against such other hazards as tornadoes, earthquakes, fires or other catastrophes where insurance is reasonably available should lessen the burden on public funds.

4. CRIMINAL AND CIVIL PENALTIES (SEC. 317)

None of the previously enacted disaster relief acts have provided specific penalties for those who fail to comply with the terms of those laws. Although subject to general laws regulating fraudulent statements, applicants for disaster assistance have not been made liable by these acts for wrongful conduct related thereto.

To remedy this deficiency, the bill would require a fine of not more than $10,000 or imprisonment for not more than 1 year, or both, for persons who willfully violate any order or regulation issued under the disaster relief law. In addition, each violation of such an order or regulation would be subject to a civil penalty of not more than $5,000, and anyone wrongfully applying the proceeds of any loan or other cash benefit would be civilly liable for one and one-half times the original principal of any loan or cash benefit.

5. EMERGENCY WAGE, RENT, AND PRICE CONTROLS (SEC. 318)

Numerous witnesses during the hearings held by the subcommittee last year recommended that some form of controls should be imposed on wages, rents, and prices in major disaster areas. Complaints were voiced that prices of goods and services and costs of labor often rose quickly to abnormal levels after a disaster, thereby creating hardships on the local populace and unduly delaying reconstruction and rehabilitation.

Although such restrictions certainly are not necessary in every major disaster, those that cause massive economic disruptions because of soaring demand for limited supplies, equipment, housing or personnel may justify special treat-

ment. Similiar to those instances in which standby power has been conferred on the President from time to time to regulate various aspects of the marketplace because of unusual circumstances, a severe major disaster appears to be a situation where such authority would be warranted within specific limits.

Thus section 318 of the bill authorizes the President, at the request of a State Governor and in accordance with his recommendations, if he determines that a major disaster has resulted in substantial dislocation of persons, has caused severe scarcities of housing, goods, and services, or has created unusually high demand for skilled labor and building materials, to impose those controls on maximum allowable wages, rents, and prices for goods and services—including limitation to their predisaster levels—which in his judgment are necessary to assist in the repair, reconstruction, and restoration of public and private housing or other facilities and in the economic recovery of the area. However, any such controls may not extend beyond the period for which the major disaster has been declared.

6. REPAIR AND RESTORATION OF DAMAGED FACILITIES (SEC. 402)

The Disaster Relief Act of 1966, Public Law 89–769, authorized reimbursement of not more than 50 percent of the eligible costs incurred by States and local governments in repairing, restoring or reconstructing public facilities—those used for such purposes as sewage and water treatment, airports, flood control, irrigation, and public power—damaged or destroyed as a result of a major disaster. In the 1970 Disaster Relief Act, Public Law 91–606, Congress expanded the definition of public facility to include non-Federal aid streets, roads or highways as well as any other type of public building, structure or system except one used exclusively for recreation purposes, and the amount of Federal contribution was doubled to 100 percent of the net costs of restoring such facilities substantially to their condition prior to the disaster. Disaster-damaged private nonprofit medical and educational facilities were made eligible for grants not in excess of 100 percent also by amendments adopted in 1971 and 1972.

As noted earlier, the administration recommended last year (S. 1840) that Federal grants for repair or restoration of public facilities and for private nonprofit medical, custodial care, emergency, utility, educational, and Indian reservation facilities should be authorized at 75 percent of the estimated losses sustained in a major disaster. Except for regulations promulgated by the President and for specific earmarking of funds granted for the nonprofit facilities listed above, the Governor of each State, or his representative, would have full discretion to administer and allocate Federal funds granted for repair or restoration of facilities. The bill did not suggest language that would assure the distribution of such funds among disaster-affected local governments in proportion to their respective losses.

Support for making block grants to States for repair of facilities as proposed by S. 1840 centers on the argument that it would provide greater flexibility and less redtape. Under present law grants are made directly to States, counties, municipalities or other local governments on an individual project basis. Because estimates of damage, authorization, supervision and auditing must be handled separately for each project and because a portion of the grant is withheld until restoration work is finally completed and approved, it is contended that considerable paper work and delay are often encountered.

Furthermore, the fact that Federal assistance is now available only to repair or reconstruct damaged facilities to their former condition and capacity, it is said, means that State and local governments must rebuild those particular facilities as they previously existed in order to obtain replacement funds. The block grant approach would permit making alternative choices for reconstructing facilities elsewhere, consolidating certain structures, or even using funds for other nonrelated public capital investments. Classic examples cited to illustrate this point include the replacement of two or more obsolete bridges or other municipal buildings with larger, more useful structures at more advantageous sites.

As a matter of fact, present law does not require that damaged or destroyed structures for which Federal disaster assistance is provided must be reconstructed on their original sites nor must they be limited to their previous size, capacity or value. Although the Federal contribution under Public Law 91–606 can be no more than 100 percent of the net cost of repairing, restoring, reconstructing or replacing any such damaged or destroyed facility according to its design as it existed immediately prior to the disaster and in conformity with applicable codes and standards, this does not prevent any State or local government from constructing a new facility on another, more appropriate location or building a larger, more expensive structure, as long as that government assumes the whole burden of any additional cost beyond that supplied by the United States. Thus, this provision merely limits the Federal share to a maximum of 100 percent of the amount needed for repair or restoration but does not in itself mandate reconstruction of a particular destroyed facility at the same site.

In this connection it is important to note that disaster mitigation provisions in the recently enacted Flood Disaster Protection Act, Public Law 93–234, and in this bill contemplate land use controls which would discourage reconstruction of any public facility in an area designated as potentially hazardous, such as flood-prone locations or on earthquake fault lines. Ever since the enactment of the Disaster Relief Act of 1970 it has been assumed that Federal funds would not be made available for replacement of public facilities in recognized dangerous areas, clearly indicating that the intent was not to force reconstruction of severely damaged structures in the same location.

Nevertheless, in some instances certain advantages might be gained if a block grant approach for the repair or restoration of public facilities were made available. A State or local government would be able not only to pool the Federal assistance received for damages done to all of its public facilities combined but also to redistribute those funds into capital investments for purposes or functions not served by the original structures. Moreover, the expenditure of those funds would be in accord with its own policy determinations and procedures without the necessity of direct Federal intervention, supervision, approval or review beyond a minimal type audit. In short, those benefits claimed for "revenue-sharing" as opposed to categorical project grants would presumably accompany such a shift in policy.

As a consequence, the bill proposes that assistance for damaged or destroyed public facilities be provided under either one of two plans at the option of eligible State or local governments: First, grants not to exceed 100 percent of cost for repair or reconstruction on a project-by-project basis as authorized by current law; second, a contribution based on 90 percent of the total estimated cost of restoring all damaged public facilities within its jurisdiction, which may be expended either to repair or to restore certain selected facilities or to construct new ones it determines are necessary to meet its needs for governmental services and functions in a disaster affected area. This would permit State or local choice on whether it preferred to receive 100 percent assistance on a project-by-project basis as now or 90 percent of total estimated costs with much greater freedom to dispense such funds with a minimum of Federal control.

For the first time all State and local government facilities, including those used for educational and recreational purposes, would be made eligible by a single disaster relief measure for grants to help repair, restore, reconstruct or replace those damaged by major disasters. Since 1965 public elementary and secondary schools have received Federal funds for this purpose, but they have been allocated through Office of Education budgets under statutes applicable to that agency—Public Law 81–815 for reconstruction of buildings and Public Law 81–874 for repairs, debris clearance, and purchase of replacement equipment and supplies. When such assistance was extended in 1966, Public Law 89–279, to cover facilities used for public higher education and in 1972, Public Law 92–385, to nonprofit private educational institutions, however, administration and funding of the program was given to the Office for Emergency Preparedness—now the FDAA.

Present divided authority for making facility disaster grants would by the bill be vested entirely in the President and all funds used would come from the same source—the President's emergency fund. Even though agencies other than the Federal Disaster Assistance Administra-

tion might be directed by the President to manage certain phases of the program, centralized direction should result in improved coordination and oversight. If all educational facilities, whether public or private, elementary, secondary, or college, are to be entitled to the same kinds of benefits, it appears reasonable to combine responsibility for their administration and financing with that for other similar disaster facility grant programs.

The 1970 Act expressly excluded from the disaster grant program any facilities used solely for recreational purposes. Many local officials and other witnesses have requested the removal of this restriction, pointing out that the need for wholesome activities and diversion are especially important in communities struggling to regain some semblance of normalcy following a catastrophe. In response to those who assert that such funds should not be spent on golf courses, football or baseball fields, tennis courts, parks, or picnic areas, the answer is that such outdoor facilities usually suffer little or no damage in major disasters; to the contrary, most of the actual loss is that inflicted on buildings, such as community halls, theaters or gymnasiums, that are essential not only for recreation but also for general assemblages and other community affairs. There seems to be no valid reason in authorizing disaster assistance for treating this type structure differently from any other public facility. Private recreational facilities, of course, would not be made eligible by the bill for such aid.

7. RESTORATION OF PRIVATE HOMES TO HABITABLE CONDITION (SEC. 405)

After the disastrous flooding in Wilkes-Barre in the summer of 1972, a new program of minimal basic repairs to partially damaged homes was instituted in order to make them habitable as soon as possible. If an engineering survey showed that particular houses could be restored to livable condition with limited expenditures through such means as replacing doors and windows, installing new wiring, plumbing or heating systems, fixing a roof, or shoring up a foundation, contracts were let for such work without cost to the former inhabitant. Those agreeing to the restoration work on their residences, which was limited to a maximum cost of $3,000, relinquished any right to occupy other temporary housing provided by the Federal Government.

An opinion rendered by the legal counsel of the former Office for Emergency Preparedness on July 10, 1972, held that the Disaster Relief Act of 1970 would permit the use of Federal funds to restore a disaster victim's predisaster housing to a livable condition in lieu of providing temporary housing for him at some alternate site. This determination rested on the premise that, because the Director had wide discretion in providing temporary housing or other emergency shelter, he could expend funds necessary for repairs as long as they were limited to amounts necessary to make homes suitable for temporary housing and also if there was a reasonable relationship in the time required to accomplish the work. As a consequence, approximately 2,780 houses were restored under the so-called mini-repair program in the Wyoming Valley, considerably reducing the number of families which had to be furnished mobile homes or other kinds of temporary shelter.

Without questioning the correctness of this interpretation or the legality of its application under the 1970 act, I believe it would be preferable to establish the program and fix its limits specifically by statute. Accordingly, the bill authorizes the President to expend up to $2,500, as a substitute for other types of temporary housing, for the purpose of restoring to habitable condition any owner-occupied private residential structure damaged in a disaster if it can be made livable again quickly and with minimal repairs. Such funds could not be used, however, for major reconstruction or rehabilitation projects.

The scope of the program would be broadened by new language permitting "mini-repairs" on houses damaged in disasters less severe than those designated as "major." Under present law Federal aid of this type is not available for such losses unless the President determines that damage is so widespread and extensive as to warrant declaring a major disaster.

Many witnesses brought to the attention of the subcommittee the plight of homeowners dislocated by or suffering damages from natural disasters who were ineligible for assistance to offset noninsured losses only because their particular catastrophe was not classified as a major disaster. To the individual driven out of his residence by an act of nature over which he has no control and for which he is not responsible, the personal loss and deprivation is no less serious merely because his property happens not to be located in a major disaster area. Consequently, it is proposed that the President's authority to help restore residential structures to habitable condition should apply equally to those damaged by natural hazards considered to be disasters as well as those determined to be major disasters.

8. DISASTER GRANTS FOR NEEDY PERSONS (SEC. 408)

Two different kinds of grants to States for disaster victims were proposed by the administration bill, S. 1840: first, the President would be authorized to make grants to States for payments up to a maximum of $4,000 for uninsured losses and for extraordinary disaster-related expenses of needy or low-income families; second, the President could also make grants to States at 75 percent of the estimated costs of relief for disaster-caused losses in order to provide essential human needs and services. In both cases the State Governor with few limits would have broad discretionary power to administer the assistance dispensed to needy families and individuals.

Unquestionably the intent of these suggestions was to replace, at least in part, the previous approach—repealed in 1973—of providing forgiveness credit on disaster loans with an outright grant based primarily on need. Many have rightly questioned the wisdom of a Federal subsidy for disaster-caused property losses which is not related to need and is not proportional to the loss suffered. Irrespective of the economic status of the recipient or the magnitude of injury sustained beyond a fixed amount, the practice of canceling the same dollar portion for all disaster loans alike inherently poses certain unavoidable inequities.

In my opinion Federal aid for this purpose should be related to financial need and to actual losses of disaster victims and it should be administered according to national standards. While it is surely justifiable to use public funds for assistance to persons confronted by severe financial difficulties inflicted by a major disaster, care should be taken to guarantee that those not truly in need do not benefit and that local variations in administration do not result in inequities. Moreover, in view of the large Federal proportion of disaster relief expenditures and the comparatively improved fiscal ability of many States, it is not unreasonable to expect the latter to contribute to the support of this program.

Consequently, the President is authorized by the bill to make grants to States not exceeding 75 percent of the cost of providing direct financial assistance for the losses, needs, and services of persons in major disaster areas which are not provided for under this or other programs or by private means. Aid would be limited to a maximum of $2,500 for each person in need, and would be administered by the Governor—or his designated representative—according to national criteria, standards, and procedures established by the President. An advance payment of 25 percent of the estimated required Federal funds could be made to a State, and compliance with terms of the grant could be determined by a Federal audit.

9. UNEMPLOYMENT ASSISTANCE (SEC. 407)

Federal funds have been available since the Disaster Relief Act of 1969 for assistance to persons not adequately covered by unemployment insurance who are out of work because of a major disaster. Such individuals can receive payments to the extent they do not exceed the maximum amount or the duration of compensation provided by the regular unemployment insurance system of the State in which a major disaster occurs. Duplication of benefits is not possible because regular unemployment insurance payments, if any, must be deducted from those made for unemployment resulting from a disaster. It does, however, enable workers whose jobs are not included in the regular compensation system to be protected.

Income maintenance of this type has proved to be very beneficial during the past 4 years to those who have been forced out of work because of major disasters. Between December 1969 and December 31, 1973, approximately 207,000 disaster victims not entitled to other compensation received more than $48.6 million in such payments; as a result of Hurricane Agnes alone some 43,000 persons were paid over $11 million.

The record clearly appears to warrant continuing assistance for those in non-

covered positions whose employment is disrupted by major disasters. As pointed out to the subcommittee by the Department of Labor, it permits replacement of wages at a time of greatest need and helps bolster the economy by restoring purchasing power which would be lost otherwise.

In line with recommendations made in the hearings, however, changes in the administration and in the maximum benefit period of the program are proposed by the bill. The Disaster Relief Acts of 1969 and 1970 both authorized unemployment assistance payments to be made by the President directly to the disaster victim. In view of the fact that competent agencies exist in every State to administer State unemployment insurance systems and that payments for disaster purposes are closely connected, by law and regulation, to those systems, obvious advantages can be gained by using the services and personnel of those established State agencies. Thus the new measure directs the President to provide disaster unemployment compensation through agreements with those States which, in his judgment, have adequate systems for administering the program.

Because unemployment compensation is provided by law in most States for a maximum of 26 weeks, those who lose their jobs because of a major disaster are now restricted to a like period for the duration of such payments. Action by Congress in recent years, however, has authorized extended payments under certain conditions. In 1970 it was provided, Public Law 91–373, that payments for as long as an additional 13 weeks can be made if the national rate of insured unemployment exceeds 4.5 percent during the three preceding calendar months. Even if the nationwide level of unemployment does not reach that level, extended compensation payments can be made in any particular State where insured unemployment exceeds 4 percent and is at least 20 percent higher than it had been for corresponding periods in each of the 2 preceding years. The latter 20-percent requirement was temporarily eliminated by Congress in December for a 90-day period—until March 31, 1974.

Despite these provisions for additional payments, persons unemployed because of a major disaster are not considered eligible under the Disaster Relief Act for extended compensation beyond the maximum period provided by State law. Even if the national rate of insured unemployment exceeds 4.5 percent or if the rate in a particular State is above 4 percent and is 20 percent higher than in previous years, interpretation restricts the number of weeks of eligibility to that authorized by the basic State law.

In most major disasters a maximum unemployment payment period of one-half year should suffice. The average number of weeks for which the more than 200,000 beneficiaries under this program received compensation during the last 4 years was only approximately 6. Nevertheless, in view of the serious, prolonged dislocations of the economy which may be caused in widespread areas by catastrophes of the magnitude of Hurricanes Camille and Agnes, the bill proposes that standby authority should be vested in the President to extend unemployment payments for as much as an additional 6 months.

10. FOOD COMMODITIES (SEC. 410)

For at least two decades general legislation has authorized the President to provide food without charge for use in a major disaster. The basic Disaster Assistance Act of 1950, Public Law 81–875, as amended in 1953, Public Law 83–134, permitted the donation of Federal surplus property and supplies and the distribution through the American National Red Cross or other means of medicine, food, and other consumables. The 1969 act, Public Law 91–79, spelled out in more detail the authority of the President to make surplus food commodities, along with free food coupons, available as long as necessary to low-income households unable because of a major disaster to purchase adequate amounts of nutritious food, and identical provisions were repeated in the comprehensive 1970 act, Public Law 91–606.

Distribution of free food commodities and food coupons has proved to be a significant means of helping meet vital human needs following a major disaster. Use of surplus foodstuffs for mass feeding in evacuation shelters, mobile canteen units, and "meals on wheels" programs are especially essential during the emergency period after a flood, tornado, earthquake, or other catastrophe when thousands may be dislocated and the normal economy has been seriously disrupted. For example, during the last 2 weeks of August 1969, more than 3 million pounds of food was provided to disaster victims in Mississippi and 37,000 pounds in Virginia as a result of Hurricane Camille. After the Rapid City, S. Dak., flood in June 1972, the Food and Nutrition Service, USDA, donated 250,000 pounds of food, the American National Red Cross fed at least 8,500 persons, and the Salvation Army provided more than 7,000 meals. Nearly $1 million worth of surplus food was distributed by the Federal Government in 5 States following tropical storm Agnes in 1972, more than half of it in Pennsylvania.

Similarly, the dispensation of food coupons without charge has enabled many lower-income families to obtain needed food supplies at a time when their livelihood and income have been adversely affected in recent disasters. Large numbers of disaster victims have participated in this program: More than 100,000 persons in Mississippi benefited from $1,358,000 worth of free food stamps after Camille; in Rapid City $507,000 in food coupons were provided for 18,248 individuals; and nearly $11 million in such coupons were distributed after Agnes, with $7.2 million going to 415,952 persons in Pennsylvania alone.

The current lack of surplus commodities and the decision to replace the USDA family food distribution program by July 1, 1974, with food stamps has raised serious concern about the ability to provide sufficient supplies for mass-feeding and for home use after major disasters. In 1973 Congress authorized the purchase of commodities by USDA without regard to price in order to fulfill commitments under other programs, including school lunch, family food, and disaster relief, but that authority is scheduled to expire within a few months.

The task of providing adequate food supplies after a major disaster is one in which the National Government should and must assume a primary role. Contributions to private volunteer relief organizations, such as the American National Red Cross and the Salvation Army, have not been enough to finance even the mass-feeding of people evacuated from their homes during emergency periods of major disasters, so they have depended heavily on donated surplus supplies for this purpose. In addition USDA foods in large quantities have been distributed to disaster victims for home use, sometimes for many weeks after they have returned to their dwellings, until commercial outlets are restored and can resume regular operations.

In order to meet these needs the bill not only retains provisions of the 1970 Disaster Relief Act authorizing the President to make both food commodities and coupons available to disaster victims, it also directs the Secretary to make available enough agricultural commodities to maintain necessary assistance for disaster relief programs authorized by law. The effect of this would be to continue authority to provide agricultural commodities for distribution in major disaster areas even if the present family and child nutrition commodity procurement programs are phased out completely.

11. CRISIS COUNSELING ASSISTANCE (SEC. 413)

The chaotic living conditions and distressing personal experiences often accompanying severe major disasters may cause unusual mental stress and lead to psychological disturbances, especially among the elderly and younger children. Expert observers have noted a definite increase in mental health problems attributable to several recent catastrophes, such as the San Fernando earthquake and the devastating floods in Rapid City, Wilkes-Barre, Corning, and Elmira. Under these circumstances it is not uncommon to find increased anxiety, great fear of subsequent disasters, intense feelings of depression, helplessness, irritation, anger, grief, despondency or even guilt, widespread sleeplessness and nightmares, a marked rise in accidents, inability to concentrate or to perform routine tasks, and stress-induced physical illness.

In recognition of this problem the Office of Emergency Preparedness sponsored a conference attended by 26 professional specialists in October 1972, to explore its ramifications and to develop proposals for coping better with the psychological effects of disasters. The report on this conference suggested at least three approaches that should be helpful in dealing with mental stress resulting from disasters: Improved education and training of all persons involved in disaster relief work; use of professional personnel brought in from nearby community mental health centers; and reliance on mobile groups of professional people in areas lacking community

health centers or other sources for consultation. There was agreement that past response to these psychological problems had been uncoordinated and disconnected, that information about dealing with mental stress had not been widely disseminated, and that present efforts should be reinforced, mainly through development of plans and programs by the Department of Health, Education, and Welfare and by local agencies.

Until the present time Federal disaster relief legislation has not provided any specific assistance to help administer psychological first aid to disaster victims. Although a request for funds for this purpose after the San Fernando earthquake in 1971 was not approved, grants totaling over $800,000 were made by the National Institute of Mental Health from regular appropriations for programs to help treat those suffering traumatic experiences in the Rapid City and Wilkes-Barre major disaster areas. Because of the successful impact these funds have had on strengthening community mental health operations and serving demonstrated needs, the bill authorizes the President to provide—through NIMH—professional counseling services, either directly or by financial assistance to State or local agencies, for victims of major disasters to relieve mental health problems caused or aggravated by a disaster or its aftermath. This would remove any doubt that now exists about authority to make such grants or to provide aid for psychological problems resulting from major disasters and would provide financial assistance for such purposes from the President's emergency fund.

12. COMMUNITY DISASTER GRANTS (SEC. 414)

The President was authorized in section 241 of the 1970 Disaster Relief Act to make grants for as long as 3 years to any local government suffering a substantial loss of tax property revenue because of damages caused by a major disaster. Because of restrictive conditions on the exercise of this power, however, a number of witnesses testified during last year's hearings that few cities could qualify for these benefits. In more than 3 years only three such grants have been extended: $27,538 to Pass Christian, Miss., in 1971; $71,014 to San Fernando, Calif., in 1972; and $5,241 to Isleton, Calif., in 1973. However, seven applications to the Federal Disaster Assistance Administration for such grants from local governments affected by Hurricane Agnes in 1972 are still pending, some or all of which might be approved.

In part the difficulty stems from the proper meaning to be applied to the phrase "substantial loss," and in part from the fact that many local governments today are dependent upon other sources besides the property tax for a sizable portion of their revenues. Moreover, there ordinarily is a delay of a year or more before losses in property tax income due to lowered property assessments for disaster damages are reflected in the financial status of the local government. The need of these areas for supplementary funds to carry on normal operations may be more crucial during the first 6 months or so after the disaster than it is a year or two later.

To alleviate this problem the administration-sponsored measure (S. 1840) proposed a substitute for section 241 authorizing the President to make loans not exceeding 10 percent of operating budgets to local governments in need of financial assistance because of a major disaster. Using operational costs as the standard for determining amounts for disaster grants would provide a broader, more realistic base than limiting its application to decreases in property taxes. However, when a community has been so badly damaged by a disaster that it needs financial assistance to perform its essential government functions, it seems neither practicable nor equitable to burden the plagued area with an additional Federal loan. As a consequence, the bill I am introducing recommends continuing a community disaster grant program but adopts the suggestion of S. 1840 that amount should be based on demonstrated need and should not exceed 10 percent of the annual operating budget of the local government concerned.

13. ECONOMIC RECOVERY FOR DISASTER AREAS (TITLE V)

Few issues received more attention during the 1973 subcommittee hearings than the need to establish more effective ways of expediting economic recovery in major disaster areas. Although most emergency or early post-disaster efforts by the Federal Government received general praise, considerable criticism was directed at delays encountered in securing approval of regular Federal-aid programs and at the frequent unavailability of adequate, noncommitted rehabilitation funds. Worth noting among the suggestions offered are proposals that recovery activities should be financed from a special fund, that a city in a disaster area should be allowed additional credit for local public facility investments on its urban renewal share, and that better coordination of all permanent rehabilitation measures should be assured.

The key to implementing economic recovery programs in severely damaged disaster areas appears to be at least threefold. First, in the absence of previous suitable planning, responsible officials representing all affected governments need to develop unified long-range plans setting forth realistic needs, attainable goals, and consistent approaches for restoring and upgrading the local economy. Second, to help finance recovery projects approved in accordance with those plans, a ready source of funds, available only for projects in major disaster areas and not restricted by existing limits on regular programs, must be established. Third, some areawide agency should be authorized to adjust priorities, allocate and schedule use of resources, and provide overall administrative direction to the various phases of the plan.

To help achieve these aims, title V of the bill provides assistance to both public and private sectors for redevelopment activities in major disaster areas. If the impact of a disaster is of such magnitude that a State Governor determines special economic assistance is necessary, he is to appoint within 30 days a recovery planning council of five or more members to plan and oversee recovery efforts in the affected section or sections of his State. Although a majority of the council members must be elected officials of political subdivisions, the national and State governments would each have one representative.

The Chairman of the Federal Regional Council, or another member designated by him, would serve as the Federal representative except where a Federal Regional Commission has been established under the Appalachian Regional Development Act or the Public Works and Economic Development Act. In the latter case, the cochairman—or his designee—of that Commission would be the Federal representative. However, in any area where a multijurisdictional organization—such as a council of governments—already exists and complies with these requirements, the Governor at his option may designate that organization, with the addition of Federal and State representatives, to act as the recovery planning council.

After reviewing any existing land use, development, or other plans already in existence, the recovery planning council may revise those plans, develop new ones, and prepare a 5-year recovery investment plan for submission to the Governor and to responsible local government. The council also may recommend changes in or elimination of any Federal-aid project or program within a major disaster area for which application previously has been made, funds have been obligated but construction not started, funds have been or may be apportioned during the next 5 years, State schedules may become available, or approval might be reasonably anticipated.

Funds authorized for Federal-aid projects or programs in a major disaster area, when recommended by the Recovery Planning Council and requested by the Governor, are to be placed in reserve by the responsible Federal agency for use according to such recommendations. If the Governor requests and affected local governments concur, these funds will be transferred to the Recovery Planning Council for expenditure to implement the Recovery Investment Plan.

From funds authorized to it by the President, both grants and loans may be made by the Recovery Planning Council to any State, local government, and private or public nonprofit organization in a major disaster area to carry out the Recovery Investment Plan. Grants not in excess of 80 percent of project cost can be made for the acquisition or development of land and improvements for public works, public service or public development facilities—including parks and open spaces—and for acquiring, constructing, rehabilitating, expanding, or improving those facilities—including machinery and equipment.

The Federal share of project costs may be increased by supplementary grants where justified to a maximum of 90 per-

cent, but no such limit would apply to grants benefiting Indians and Alaskan natives and to those where the President determines that a State or local government has exhausted its taxing and borrowing capacity. The interest rate for loans made under this section is to be fixed by the Secretary of the Treasury at a rate of 1 percent—adjusted to the nearest one-eighth—less than the current average market yield on outstanding marketable U.S. obligations.

To protect against unfair pirating of industrial or commercial firms from one location to another, no financial assistance can be provided under title V to induce the relocation of establishments or to help subcontractors who are intent upon divesting other contractors or subcontractors of contracts which they customarily perform. However, if the Secretary of Commerce finds that the expansion of an existing business through the establishment of a branch, affiliate, or subsidiary would not result in increased unemployment in its original location, the restriction against such aid would not apply unless the Secretary believes that the branch, affiliate, or subsidiary is being established with the intent of closing down the existing business.

Direct loans to help finance industrial and commercial projects in major disaster areas can be made for such purposes as the purchase and development of land, the acquisition of machinery and equipment, and the construction, rehabilitation, alteration, conversion, or enlargement of buildings. In addition loans made by private lending institutions for working capital in connection with such projects may be guaranteed up to a maximum of 90 percent of their unpaid balance.

To help facilitate economic recovery in major disaster areas, both public and private agencies may be provided technical assistance in handling such matters as project planning, feasibility studies, management and operation problems, and the analysis of economic needs and potential. Such assistance can be extended by use of Federal personnel, by reimbursement of other Federal agencies for services, by contract with private individuals, firms, and institutions, or by grants-in-aid.

Organizations receiving grants for technical assistance may also, subject to certain limitations, be awarded supplementary grants needed to defray not in excess of 75 percent of their administrative expenses.

A disaster recovery revolving fund, for which no more than $200 million is authorized to be appropriated, is to be established in the U.S. Treasury. Funds obtained to carry out this title and any collections or repayments received under this act are to be deposited in the revolving fund, and from it payment of all financial assistance, obligations and expenditures for economic recovery under title V is to be made. Sums necessary to replenish the fund annually are authorized to be appropriated, and interest on outstanding loans under the act is to be paid by the fund into the Treasury at the end of each fiscal year.

CONCLUSION

Mr. President, while retaining the successful features of the 1970 Disaster Relief Act, this bill corrects outdated provisions and references, improves disaster preparedness and mitigation activities, permits extending emergency aid without a major disaster declaration, modifies certain types of assistance and proposes several kinds of aid, encourages public and private insurance protection against disaster losses, imposes civil and criminal penalties for violations of disaster relief laws, increases State and local discretion in the restoration of disaster damaged public facilities, and authorizes a long-range, coordinated economic recovery program designed according to agreed-upon needs and priorities. It does not, however, suggest any changes in the present system disaster loans, a matter which is not within the purview of the Disaster Relief Subcommittee.

In view of large increases in the number, size and cost of major disasters in recent years, a trend apparently continuing with little surcease so far in 1974, it seems to me that prompt consideration should be given to this proposed legislation. The subcommittee has planned additional hearings next week on all phases of the bill and I anticipate that a final version will be referred to the Committee on Public Works in the near future. Enactment would enable governments at all levels to help minimize personal danger and property losses caused by natural hazards and would contribute substantially to restoring normal economic and social life patterns to areas disrupted by major disasters.

Mr. President, I ask unanimous consent that the full text of the bill, along with a condensed section-by-section analysis, be printed in full in the RECORD at the conclusion of my remarks.

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

S. 3062

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 "Disaster Relief Act Amendments of 1974".

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TITLE I—FINDINGS, DECLARATIONS, AND DEFINITIONS

FINDINGS AND DECLARATIONS

SEC. 101. (a) The Congress hereby finds and declares that—

(1) because disasters often cause loss of life, human suffering, loss of income, and property loss and damage; and

(2) because disasters often disrupt the normal functioning of governments and communities, and adversely affect individuals and families with great severity; special measures, designed to assist the efforts of the affected States in expediting the rendering of aid, assistance, and emergency services, and the reconstruction and rehabilitation of devastated areas, are necessary.

(b) It is the intent of the Congress, by this Act, to provide an orderly and continuing means of assistance by the Federal Government to State and local governments in carrying out the responsibilities to alleviate the suffering and damage which result from such disasters by—

(1) revising and broadening the scope of existing disaster relief programs;

(2) encouraging the development of comprehensive disaster relief plans, programs, capabilities, and organizations by the States and by local governments;

(3) achieving greater coordination and responsiveness of disaster preparedness and relief programs;

(4) encouraging individuals, States, and local governments to protect themselves by obtaining insurance coverage to supplement or replace governmental assistance;

(5) encouraging hazard mitigation meas-

ures to reduce losses from disasters, including development of land use and construction regulations;

(6) providing Federal assistance programs for both public and private losses sustained in disasters; and

(7) providing a long-range economic recovery program for major disaster areas.

DEFINITIONS

SEC. 102. As used in this Act—

(a) "Disaster" means any damage caused by any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, snowstorm, drought, fire, or other catastrophe in any part of the United States which requires emergency assistance.

(b) "Major disaster" means any disaster which, in the determination of the President, is of sufficient severity and magnitude to warrant disaster assistance under this Act above and beyond emergency services by the Federal Government to supplement the efforts and available resources of States, local governments, and disaster assistance organizations in alleviating the damage, loss, hardship, or suffering caused thereby.

(c) "United States" means the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Canal Zone, and the Trust Territory of the Pacific Islands.

(d) "State" means any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Canal Zone, or the Trust Territory of the Pacific Islands.

(e) "Governor" means the chief executive of any State.

(f) "Local government" means (1) any county, city, village, town, district, or other political subdivision of any State, or Indian tribe, authorized tribal organization, or Alaska Native village or organization, and (2) includes any rural community or unincorporated town or village or any other public or quasi-public entity for which an application for assistance is made by a State or political subdivision thereof.

(g) "Federal agency" means any department, independent establishment, Government corporation, or other agency of the executive branch of the Federal Government, including the United States Postal Service, but shall not include the American National Red Cross.

(h) "Administrator" means the Administrator of the Federal Disaster Assistance Administration.

TITLE II—DISASTER PREPAREDNESS ASSISTANCE

FEDERAL AND STATE DISASTER PREPAREDNESS PROGRAMS

SEC. 201. (a) The President is authorized to establish a program of disaster preparedness that utilizes services of all appropriate agencies (including the Defense Civil Preparedness Agency) and includes—

(1) preparation of disaster preparedness plans for mitigation, warning, emergency operations, rehabilitation, and recovery;

(2) training exercises;

(3) postdisaster critiques and evaluations;

(4) annual review of programs;

(5) coordination of Federal, State, and local preparedness programs;

(6) application of science and technology;

(7) research;

(8) assistance in updating disaster legislation.

(b) The President is authorized to provide technical assistance to the States in developing comprehensive plans and practicable programs for preparation against disasters, including hazard reduction, avoidance, and mitigation; for assistance to individuals, businesses, and State and local governments following such disasters; and for recovery of damaged or destroyed public and private facilities.

(c) Upon application by the States, the President is authorized to make grants, not to exceed $250,000, for the development of plans, programs, and capabilities for disaster preparedness. Such grants shall be available for a period of one year from the date of enactment. Any State desiring financial assistance under this section shall designate or create an agency to plan and administer such a disaster preparedness program, and shall, through such agency, submit a State plan to the President, which shall—

(1) set forth a comprehensive and detailed State program for preparation against, and assistance following, a major disaster, including provisions for emergency and permanent assistance to individuals, businesses, and local governments; and

(2) include provisions for appointment and training of appropriate staffs, formulation of necessary regulations and procedures, and conduct of required exercises.

(d) The President is authorized to make grants not to exceed 50 per centum of the cost of improving, maintaining and updating State disaster assistance plans, except that no such grant shall exceed $25,000 per annum to any State.

DISASTER WARNINGS

SEC. 202. (a) The President is authorized to insure that all appropriate agencies are prepared to issue warnings of disasters to State and local officials.

(b) The President may authorize the Federal agencies to provide technical assistance to State and local governments to insure that timely and effective disaster warning is provided.

(c) The President is further authorized to utilize or to make available to Federal, State, and local agencies the facilities of the civil defense communications system established and maintained pursuant to section 201(c) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. app. 2281(c)), or any other Federal communications system for the purpose of providing warning to governmental authorities and the civilian population in areas endangered by threatened or imminent disasters.

(d) The President is further authorized to enter into agreements with the officers or agents of any private or commercial communications systems who volunteer the use of their systems on a reimbursable or nonreimbursable basis for the purpose of providing warning to governmental authorities and the civilian population endangered by threatened or imminent disasters.

TITLE III—DISASTER ASSISTANCE ADMINISTRATION

SEC. 301. All requests for disaster assistance from the Federal Government under this Act shall be made by the Governor of the affected State. Such Governor's request shall be based upon a finding that the disaster is of such magnitude and severity that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary. Based upon such Governor's request, the President may declare that a major disaster exists, or take whatever other action he deems appropriate in accordance with the provisions of this Act.

FEDERAL ASSISTANCE

SEC. 302. (a) In the interest of providing maximum mobilization of Federal assistance under this Act, the President is authorized to coordinate, in such manner as he may determine, the activities of all Federal agencies providing disaster assistance. The President may direct any Federal agency, with or without reimbursement, to utilize its available personnel, equipment, supplies, facilities, and other resources including managerial and technical services in support of State and local disaster assistance efforts. The President may prescribe such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act, and he may exercise any power or authority conferred on him by any section of this Act either directly or through such Federal agency or agencies as he may designate.

(b) Any Federal agency charged with the administration of a Federal assistance program is authorized, if so requested by the applicant State or local authorities, to modify or waive, for the duration of a major disaster, such administrative conditions for assistance as would otherwise prevent the giving of assistance under such programs if the inability to meet such conditions is a result of the disaster.

(c) All assistance rendered under this Act shall be provided pursuant to a Federal-State disaster assistance agreement unless specifically waived by the President.

COORDINATING OFFICERS

SEC. 303. (a) Immediately upon his designation of a major disaster area, the President shall appoint a Federal coordinating officer to operate under the Federal Disaster Assistance Administration in such area.

(b) In order to effectuate the purposes of this Act, the Federal coordinating officer, within the designated area, shall—

(1) make an initial appraisal of the types of relief most urgently needed;

(2) establish such field offices as he deems necessary and as are authorized by the Administrator;

(3) coordinate the administration of relief, including activities of the State and local governments, the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and other relief or disaster assistance organizations which agree to operate under his advice or direction, except that nothing contained in this Act shall limit or in any way affect the responsibilities of the American National Red Cross under the Act of January 5, 1905, as amended (33 Stat. 599); and

(4) take such other action, consistent with authority delegated to him by the Administrator, and consistent with the provisions of this Act, as he may deem necessary to assist local citizens and public officials in promptly obtaining assistance to which they are entitled.

(c) When the President determines assistance under this Act is necessary, he shall request that the Governor of the affected State designate a State coordinating officer for the purpose of coordinating State and local disaster assistance efforts with those of the Federal coordinating officer.

EMERGENCY SUPPORT TEAMS

SEC. 304. The President is authorized to form emergency support teams of Federal personnel to be deployed in a disaster area. Such emergency support teams shall assist the Federal coordinating officer in carrying out his responsibilities pursuant to this Act. Upon request of the President, the head of any Federal department or agency is authorized to detail to temporary duty with the emergency support teams on either a reimbursable or nonreimbursable basis, as is determined necssary by the President, such personnel within the administrative jurisdiction of the head of the Federal department or agency as the Administrator may need or believe to be useful for carrying out the functions of the emergency support teams, each such detail to be without loss of seniority, pay, or other employee status.

EMERGENCY ASSISTANCE

SEC. 305. If the President determines, upon request of the Governor of an affected State, that emergency services are necessary to save lives and protect the public health and safety

because a disaster either threatens or is imminent, he is authorized to use Federal departments, agencies, and instrumentalities and all other resources of the Federal Government to provide such emergency services as he deems necessary to avert or lessen the effects of such disaster or danger.

COOPERATION OF FEDERAL AGENCIES IN RENDERING DISASTER ASSISTANCE

SEC. 306. (a) In any major disaster or disaster, Federal agencies are hereby authorized, on direction of the President, to provide assistance by—

(1) utilizing or lending, with or without compensation therefor, to States and local governments, their equipment, supplies, facilities, personnel, and other resources, other than the extension of credit under the authority of any Act;

(2) distributing or rendering, through the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and other relief and disaster assistance organizations, or otherwise, medicine, food, and other consumable supplies, or emergency assistance;

(3) donating or lending equipment and supplies determined in accordance with applicable laws to be surplus to the needs and responsibilities of the Federal Government to State and local governments for use or distribution by them for the purposes of this Act; and

(4) performing on public or private lands or waters any emergency work or services not within the capability of State and local governments and essential for the protection and preservation of public health and safety where endangered by a disaster, including but not limited to: search and rescue, emergency medical care, emergency mass care, emergency shelter, and provision of food, water, medicine, and other essential needs, including movement of supplies or persons; clearance of roads and construction of temporary bridges necessary to the performance of emergency tasks and essential community services; demolition of unsafe structures that endanger the public; warning of further risks and hazards; public information and assistance on health and safety measures; technical advice to State and local governments on disaster management and control; reduction of immediate threats to public health and safety; and making contributions to State or local governments for the purpose of carrying out the provisions of this paragraph.

REIMBURSEMENT

SEC. 307. Federal agencies may be reimbursed for expenditures under this Act from funds appropriated for the purposes of this Act. Any funds received by Federal agencies as reimbursement for services or supplies furnished under the authority of this Act shall be deposited to the credit of the appropriation or appropriations currently available for such services or supplies.

NONLIABILITY

SEC. 308. The Federal Government shall not be liable for any claim based upon the exercise or performance of or the failure to exercise or perform a discretionary function or duty on the part of a Federal agency or an employee of the Federal Government in carrying out the provisions of this Act.

PERFORMANCE OF SERVICES

SEC. 309. (a) In carrying out the purposes of this Act, any Federal agency is authorized to accept and utilize the services or facilities of any State or local government, or of any agency, office, or employee thereof, with the consent of such government.

(b) In performing any services under this Act, any Federal agency is authorized—

(1) to appoint and fix the compensation of such temporary personnel as may be necessary, without regard to the provisions of title 5, United States Code, governing appointments in competitive service;

(2) to employ experts and consultants in accordance with the provisions of section 3109 of such title, without regard to the provisions of chapter 51 and subchapter III of such title relating to classification and General Schedule pay rates; and

(3) to incur obligations on behalf of the United States by contract or otherwise for the acquisition, rental, or hire of equipment, services, materials, and supplies for shipping, drayage, travel, and communications, and for the supervision and administration of such activities. Such obligations, including obligations arising out of the temporary employment of additional personnel, may be incurred by an agency when directed by the President without regard to the availability of funds.

USE OF LOCAL FIRMS AND INDIVIDUALS

SEC. 310. In the expenditure of Federal funds for debris clearance, distribution of supplies, reconstruction, and other major disaster assistance activities which may be carried out by contract or agreement with private organizations, firms, or individuals, preference shall be given, to the extent feasible and practicable, to those organizations, firms, and individuals residing or doing business primarily in the disaster area.

NONDISCRIMINATION IN DISASTER ASSISTANCE

SEC. 311. (a) The Administrator shall issue, and may alter and amend, such regulations as may be necessary for the guidance of personnel carrying out emergency relief functions at the site of a disaster. Such regulations shall include provisions for insuring that the distribution of supplies, the processing of applications, and other relief and assistance activities shall be accomplished in an equitable and impartial manner, without discrimination on the grounds of race, color, religion, nationality, sex, age, or economic status prior to a disaster.

(b) As a condition of participation in the distribution of assistance or supplies under this Act, governmental bodies and other organizations shall be required to comply with regulations relating to nondiscrimination promulgated by the Administrator, and such other regulations applicable to activities within a disaster area as he deems necessary for the effective coordination of relief efforts.

USE AND COORDINATION OF RELIEF ORGANIZATIONS

SEC. 312. (a) In providing relief and assistance following a disaster, the Administrator may utilize, with their consent, the personnel and facilities of the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and other relief or disaster assistance organizations, in the distribution of medicine, food, supplies, or other items, and in the restoration, rehabilitation, or reconstruction of community services, housing and essential facilities, whenever the Administrator finds that such utilization is necessary.

(b) The Administrator is authorized to enter into agreements with the American National Red Cross, the Salvation Army; the Mennonite Disaster Service, and other relief or disaster assistance organizations under which the disaster relief activities of such organizations may be coordinated by the Federal coordinating officer whenever such organizations are engaged in providing relief during and after a disaster. Any such agreement shall include provisions assuring that use of Federal facilities, supplies, and services will be in compliance with regulations prohibiting duplication of benefits and guaranteeing nondiscrimination promulgated by the Administrator under this Act, and such other regulations as the Administrator may require.

PRIORITY TO CERTAIN APPLICATIONS FOR PUBLIC FACILITIES AND PUBLIC HOUSING ASSISTANCE

SEC. 313. In the processing of applications for assistance, priority and immediate consideration shall be given, during such period as the President shall prescribe by proclamation, to applications from public bodies situated in major disaster areas, under the following Acts:

(1) title II of the Housing Amendments of 1955, or any other Act providing assistance for repair, construction, or extension of public facilities;

(2) the United States Housing Act of 1937 for the provision of low-rent housing;

(3) section 702 of the Housing Act of 1954 for assistance in public works planning;

(4) section 702 of the Housing and Urban Development Act of 1965 providing for grants for public facilities;

(5) section 306 of the Consolidated Farmers Home Administration Act;

(6) the Public Works and Economic Development Act of 1965, as amended;

(7) the Appalachian Regional Development Act of 1965, as amended; or

(8) title II of the Federal Water Pollution Control Act, as amended.

INSURANCE

SEC. 314. (a) An applicant for assistance under this Act shall comply with regulations prescribed by the President to assure that, with respect to any property to be replaced, restored, repaired, or constructed with such assistance, such types and extent of insurance will be obtained and maintained as may be reasonably available, adequate, and necessary to protect against future loss to the property.

(b) No applicant for assistance under this Act shall receive such assistance for any property or part thereof for which he has previously received assistance under the Disaster Relief Act Amendments of 1974 unless all insurance required pursuant to this section has been obtained and maintained with respect to such property.

(c) A State or local government may elect to act as a self-insurer with respect to any or all of the facilities belonging to it. Such an election, declared in writing at the time of accepting assistance under this Act or subsequently, shall be deemed compliance with subsection (a) of this section. No such self-insurer shall receive assistance under this Act for any property or part thereof for which it has previously received assistance under the Disaster Relief Act Amendments of 1974, to the extent that insurance for such property or part thereof would have been reasonably available.

DUPLICATION OF BENEFITS

SEC. 315. (a) The Administrator, in consultation with the head of each Federal agency administering any program providing financial assistance to persons, business concerns or other entities suffering losses as the result of a major disaster, shall assure that no such person, business concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other program.

(b) The Administrator shall assure that no person, business concern, or other entity receives any Federal assistance for any part of a loss suffered as the result of a major disaster if such person, concern, or entity received compensation from insurance or any other source for that part of such a loss. Partial compensation for a loss or a part of a loss resulting from a major disaster shall not preclude additional Federal assistance for any part of such a loss not compensated otherwise.

(c) Whenever the Administrator determines (1) that a person, business concern, or other entity has received assistance under this Act for a loss and that such person,

business concern or other entity received assistance for the same loss from another source, and (2) that the amount received from all sources exceeded the amount of the loss, he shall direct such person, business concern, or other entity to pay to the Treasury an amount, not to exceed the amount of Federal assistance received, sufficient to reimburse the Federal Government for that part of the assistance which he deems excessive.

REVIEWS AND REPORTS

SEC. 316. The President shall conduct annual reviews of the activities of Federal agencies and State and local governments providing disaster preparedness and assistance, in order to assure maximum coordination and effectiveness of such programs, and shall from time to time report thereon to the Congress.

CRIMINAL AND CIVIL PENALTIES

SEC. 317. (a) Any individual willfully violating any order or regulation under this Act shall be fined not more than $10,000 or imprisoned for not more than one year or both for each violation.

(b) Any individual who violates any order or regulation under this Act shall be subject to a civil penalty of not more than $5,000 for each violation.

(c) Whoever wrongfully misapplies the proceeds of a loan or other cash benefit obtained under any section of this Act shall be civilly liable to the Federal Government in an amount equal to one and one-half times the original principal amount of the loan or cash benefit.

EMERGENCY WAGE, RENT, AND PRICE CONTROLS

SEC. 318. In any area where the President determines that a major disaster has resulted in substantial dislocation of persons from residences and businesses, severe actual or threatened scarcities of housing, food, or other essential goods or services, or unusually high demand for skilled labor, building materials, and related services, upon the request of the Governor and in accordance with his recommendations, the President is authorized to impose such controls on the maximum allowable wages, rents, and prices for goods and services, including a limitation of such wages, rents, and prices to predisaster levels, as in his judgment he finds necessary to assist in the repair, reconstruction, and restoration of public and private housing and other facilities and in the economic recovery of the affected area. Such controls may continue during the period for which the major disaster has been declared.

TITLE IV—FEDERAL DISASTER ASSISTANCE PROGRAMS

FEDERAL FACILITIES

SEC. 401. (a) The President may authorize any Federal agency to repair, reconstruct, restore, or replace any facility owned by the United States and under the jurisdiction of such agency which is damaged or destroyed by any major disaster if he determines that such repair, reconstruction, restoration, or replacement is of such importance and urgency that it cannot reasonably be deferred pending the enactment of specific authorizing legislation or the making of an appropriation for such purposes, or the obtaining of congressional committee approval.

(b) In order to carry out the provisions of this section, such repair, reconstruction, restoration, or replacement may be begun notwithstanding a lack or an insufficiency of funds appropriated for such purpose, where such lack or insufficiency can be remedied by the transfer, in accordance with law, of funds appropriated to that agency for another purpose.

(c) In implementing this section, Federal agencies shall evaluate the natural hazards to which these facilities are exposed and shall take appropriate action to mitigate such hazards, including safe land-use and construction practices, in accordance with standards prescribed by the President.

REPAIR AND RESTORATION OF DAMAGED FACILITIES

SEC. 402. (a) The President is authorized to make contributions to State or local governments to help repair, restore, reconstruct, or replace public facilities belonging to such State or local governments which were damaged or destroyed by a major disaster.

(b) The President is also authorized to make grants to help repair, restore, reconstruct, or replace private nonprofit educational, utility, emergency, medical, and custodial care facilities, including those for the aged and disabled, and facilities on Indian reservations as defined by the President, which were damaged or destroyed by a major disaster.

(c) For those facilities eligible under this section which were in the process of construction when damaged or destroyed by a major disaster, the grant shall be based on the net costs of restoring such facilities substantially to their predisaster condition and of completing construction not performed prior to the major disaster to the extent the increase of such costs over the original construction cost is attributable to changed physical conditions resulting from a major disaster.

(d) For the purposes of this section, "public facility" includes any publicly owned flood control, navigation, irrigation, reclamation, public power, sewage treatment and collection, water supply and distribution, watershed development, park, or airport facility, any non-Federal-aid street, road, or highway, and any other public building, structure, or system, including those used for educational and recreational purposes.

(e) The Federal contribution for grants made under this section shall not exceed 100 per centum of the net cost of repairing, restoring, reconstructing, or replacing any such facility on the basis of the design capacity of such facility as it existed immediately prior to such disaster and in conformity with current applicable codes, specifications, and standards.

(f) In those cases where a State or local government determines that public welfare would not be best served by repairing, restoring, reconstructing, or replacing particular public facilities owned or controlled by that State or that local government which have been damaged or destroyed in a major disaster, it may elect to receive, in lieu of the contribution described in subsection (e) of this section, a contribution based on 90 per centum of the total estimated cost of restoring all damaged public facilities owned by it within its jurisdiction. Funds contributed under this subsection may be expended either to repair or restore certain selected damaged public facilities or to construct new public facilities which the State or local government determines to be necessary to meet its needs for governmental services and functions in the disaster-affected area.

DEBRIS REMOVAL

SEC. 403. (a) The President, whenever he determines it to be in the public interest, is authorized—

(1) through the use of Federal departments, agencies, and instrumentalities, to clear debris and wreckage resulting from a disaster from publicly and privately owned lands and waters.

(2) to make grants to any State or local government for the purpose of removing debris or wreckage resulting from a disaster from publicly or privately owned lands and waters.

(b) No authority under this section shall be exercised unless the affected State or local government shall first arrange an unconditional authorization for removal of such debris or wreckage from public and private property, and, in the case of removal of debris or wreckage from private property, shall first agree to indemnify the Federal Government against any claim arising from such removal.

TEMPORARY HOUSING ASSISTANCE

SEC. 404. (a) The Administrator is authorized to provide, either by purchase or lease, temporary housing or other emergency shelter, including, but not limited to, unoccupied habitable dwellings, suitable rental housing, mobile homes or other readily fabricated dwellings for those who, as a result of such major disaster, require temporary housing or other emergency shelter. During the first twelve months of occupancy no rentals shall be established for any such accommodations, and thereafter rentals shall be established, based upon fair market value of the accommodations being furnished, adjusted to take into consideration the financial ability of the occupant. Notwithstanding any other provision of law, any such emergency housing acquired by purchase may be sold directly to individuals and families who are occupants thereof at prices that are fair and equitable. Any mobile home or readily fabricated dwelling shall be placed on a site complete with utilities provided either by the State or local government, or by the owner or occupant of the site who was displaced by the major disaster, without charge to the United States. However, the Administrator may elect to provide other more economical and accessible sites or he may authorize installation of essential utilities at such sites at Federal expense when he determines such action to be in the public interest.

(b) The President is authorized to provide assistance on a temporary basis in the form of mortgage or rental payments to or on behalf of individuals and families who, as a result of financial hardship caused by a major disaster, have received written notice of dispossession or eviction from a residence by reason of foreclosure of any mortgage or lien, cancellation of any contract of sale, or termination of any lease, entered into prior to the disaster. Such assistance shall be provided for a period of not to exceed one year or for the duration of the period of financial hardship, whichever is the lesser.

RESTORATION OF PRIVATE HOMES TO HABITABLE CONDITION

SEC. 405. (a) In lieu of providing other types of temporary housing or emergency shelter after a disaster or a major disaster, the President is authorized to make expenditures for the purpose of repairing or restoring to a habitable condition owner-occupied private residential structures made uninhabitable by a disaster or a major disaster which are capable of being restored quickly to a habitable condition with minimal repairs at a total cost of no more than $2,500. No assistance provided under this section may be used for major reconstruction or rehabilitation of damaged property.

(b) The President shall promulgate regulations that shall include standards, criteria and procedures for the administration of assistance granted under this section.

MINIMUM STANDARDS FOR PUBLIC AND PRIVATE STRUCTURES

SEC. 406. As a condition of any disaster loan or grant made under the provisions of this Act, the recipient shall agree that any repair or construction to be financed therewith shall be in accordance with applicable standards of safety, decency, and sanitation and in conformity with applicable codes, specifications, and standards, and shall furnish such evidence of compliance with this section as may be required by regulation. As a further condition of any loan or grant made under the provision of this Act, the State or

local government shall agree that the natural hazards in the areas in which the proceeds of the grants or loans are to be used shall be evaluated and appropriate action shall be taken to mitigate such hazards, including safe land-use and construction practices, in accordance with standards prescribed by the President, and the State shall furnish such evidence of compliance with this section as may be required by regulation.

UNEMPLOYMENT ASSISTANCE

SEC. 407. (a) The President is authorized to provide to any individual unemployed as a result of a major disaster such assistance as he deems appropriate while such individual is unemployed. Such assistance as the President shall provide shall be available to individuals not otherwise eligible for unemployment compensation and individuals who have otherwise exhausted their eligibility for such unemployment compensation, and shall continue as long as unemployment caused by the major disaster continues or until the individual is reemployed in a suitable position but no longer than one year after the individual becomes eligible for such assistance. Such assistance shall not exceed the maximum weekly amount authorized under the unemployment compensation program of the State in which the disaster occurred, and the amount of assistance under this section to any such individual shall be reduced by any amount of unemployment compensation or of private income protection insurance compensation available to such individual for such period of unemployment. The President is directed to provide such assistance through agreements with States which, in his judgment, have an adequate system for administering such assistance through existing State agencies.

(b) The President is further authorized for the purposes of this Act to provide reemployment assistance services under other laws to individuals who are unemployed as a result of a major disaster.

DISASTER GRANTS FOR NEEDY PERSONS

SEC. 408. (a) The President is authorized to make grants to States to provide financial assistance to persons adversely affected by a major disaster who are limited in their ability to meet extraordinary disaster-related expenses or needs or to obtain human needs and services, including but not limited to food, communications, water, clothing, utility services, and public transportation. Such grants shall be made for use only in cases where assistance under section 407 and other provisions of this Act is insufficient to allow persons to meet such expenses or needs.

(b) The amount of funds to be granted under this section shall not exceed 75 per centum of the estimated cost of providing assistance pursuant to subsection (a) of this section.

(c) The Governor or his designated representative shall be responsible for administering the grant program authorized by this section. An initial advance may be provided which shall not exceed 25 per centum of the estimated Federal funds required to implement the purposes of this section.

(d) The President shall promulgate regulations that shall include national criteria, standards, and procedures for the determination of eligibility and the administration of individual assistance grants made under this section. No family shall receive grants under this section which total in excess of $2,500. Grants shall be made only during the period for which the major disaster has been declared.

(e) Not more than 3 per centum of the total grant provided to an affected State shall be utilized for administrative purposes.

(f) Administration of this grant program shall be subject to Federal audit for purposes of determining whether the criteria, standards, and procedures required by subsection (d) have been complied with.

FOOD COUPONS AND DISTRIBUTION

SEC. 409. (a) Whenever the President determines that, as a result of a major disaster, low-income households are unable to purchase adequate amounts of nutritious food, he is authorized, under such terms and conditions as he may prescribe, to distribute through the Secretary of Agriculture or other appropriate agencies coupon allotments to such households pursuant to the provisions of the Food Stamp Act of 1964 and to make surplus commodities available pursuant to the provisions of this Act.

(b) The President, through the Secretary of Agriculture or other appropriate agencies, is authorized to continue to make such coupon allotments and surplus commodities available to such households for so long as he determines necessary, taking into consideration such factors as he deems appropriate, including the consequences of the major disaster on the earning power of the households to which assistance is made available under this section.

(c) Nothing in this section shall be construed as amending or otherwise changing the provisions of the Food Stamp Act of 1964 except as they relate to the availability of food stamps in a major disaster area.

FOOD COMMODITIES

SEC. 410. (a) The Secretary of Agriculture is authorized and directed to assure that adequate stocks of food will be readily and conveniently available for emergency mass feeding or distribution in any area of the United States which suffers a major disaster.

(b) The Secretary shall utilize funds appropriated under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to purchase food commodities necessary to provide adequate supplies for use in any area of the United States in the event of a disaster in such area.

RELOCATION ASSISTANCE

SEC. 411. Notwithstanding any other provision of law, no person otherwise eligible for any kind of replacement housing payment under the "Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970" (Public Law 91-646) shall be denied such eligibility as a result of his being unable, because of a major disaster as determined by the President, to meet the occupancy requirements set by such Act.

LEGAL SERVICES

SEC. 412. Whenever the Administrator determines that low-income individuals are unable to secure legal services adequate to meet their needs as a consequence of a major disaster, he shall assure the availability of such legal services as may be needed by these individuals because of conditions created by a major disaster. Whenever feasible, and consistent with the goals of the program authorized by this section, the Administrator shall assure that the programs are conducted with the advice and assistance of appropriate Federal agencies and State and local bar associations.

CRISIS COUNSELING ASSISTANCE

SEC. 413. The President is authorized (through the National Institute of Mental Health) to provide professional counseling services, including financial assistance to State or local agencies or private mental health organizations to provide such services, to victims of major disasters in order to relieve mental health problems caused or aggravated by the disaster or its aftermath.

COMMUNITY DISASTER GRANTS

SEC. 414. (a) The President is authorized to make disaster grants to any local government which has suffered a substantial loss of tax and other revenues as a result of a major disaster, and has demonstrated a need for financial assistance in order to perform its governmental functions. The amount of any such disaster grants shall be based on need, and shall not exceed 10 per centum of the annual operating budget of that local government for the fiscal year in which the major disaster occurs.

(b) Any disaster grants made under this section shall not reduce or otherwise affect any grants or other assistance under this Act.

EMERGENCY COMMUNICATIONS

SEC. 415. The Administrator is authorized during, or in anticipation of, an emergency to establish temporary communications systems in any major disaster area in order to carry out the functions of his office, and to make such communications available to State and local government officials and other persons as he deems appropriate.

EMERGENCY PUBLIC TRANSPORTATION

SEC. 416. The Administrator is authorized to provide temporary public transportation service in a major disaster area to meet emergency needs and to provide transportation to governmental offices, supply centers, stores, post offices, schools, major employment centers, and such other places as may be necessary in order to enable the community to resume its normal pattern of life as soon as possible.

FIRE SUPPRESSION GRANTS

SEC. 417. The President is authorized to provide assistance, including grants, equipment, supplies, and personnel, to any State for the suppression of any fire on publicly or privately owned forest or grassland which threatens such destruction as would constitute a major disaster.

TIMBER SALE CONTRACTS

SEC. 418. (a) Where an existing timber sale contract between the Secretary of Agriculture or the Secretary of the Interior and a timber purchaser does not provide relief from major physical change not due to negligence of the purchaser prior to approval of construction of any section of specified road or of any other specified development facility and, as a result of a major disaster, a major physical change results in additional construction work in connection with such road or facility by such purchaser with an estimated cost, as determined by the appropriate Secretary, (1) of more than $1,000 for sales under one million board feet, (2) of more than $1 per thousand feet for sales of one to three million board feet, or (3) of more than $3,000 for sales over three million board feet, such increased construction cost shall be borne by the United States.

(b) If the appropriate Secretary determines that damages are so great that restoration, reconstruction, or construction is not practical under the cost-sharing arrangement authorized by subsection (a) of this section, he may allow cancellation of a contract entered into by his Department notwithstanding contrary provisions therein.

(c) The Secretary of Agriculture is authorized to reduce to seven days the minimum period of advance public notice required by the first section of the Act of June 4, 1897 (16 U.S.C. 476), in connection with the sale of timber from national forests, whenever the Secretary determines that (1) the sale of such timber will assist in the construction of any area of a State damaged by a major disaster, (2) the sale of such timber will assist in sustaining the economy of such area, or (3) the sale of such timber is necessary to salvage the value of timber damaged in such major disaster or to protect undamaged timber.

(d) The President, when he determines it to be in the public interest, and acting through the Administrator of the Federal Disaster Assistance Administration, is authorized to make grants to any State or local government for the purpose of removing from privately owned lands timber damaged as a result of a major disaster, and

such State or local government is authorized upon application, to make payments out of such grants to any person for reimbursement of expenses actually incurred by such person in the removal of damaged timber, not to exceed the amount that such expenses exceed the salvage value of such timber.

TITLE V—ECONOMIC RECOVERY FOR DISASTER AREAS

PURPOSES OF TITLE

SEC. 501. It is the purpose of this title to provide assistance for the economic recovery, after the period of emergency aid and replacement of essential facilities and services, of any major disaster area which has suffered a dislocation of its economy of sufficient severity to require (a) continued assistance for the restoration of an employment base less vulnerable to disruption by disaster; (b) assistance in planning for development to replace that lost in the disaster; and (c) continued coordination of assistance available under Federal-aid programs.

DISASTER RECOVERY PLANNING

SEC. 502. (a)(1) In the case of any major disaster area which the Governor has determined requires assistance under this title and for which he has requested such assistance, the Governor, within thirty days after authorization of such assistance by the President, shall designate a Recovery Planning Council for such area or for each part thereof.

(2) Council shall be composed of not less than five members, a majority of whom shall be local elected officials of political subdivisions within the affected area, a representative of the State, and a representative of the Federal Government.

(3) The Federal representative on such Council shall be the Federal Cochairman of the Regional Commission established pursuant to title V of the Public Works and Economic Development Act or the Appalachian Regional Development Act, or his designee, where all or part of the affected area is within the boundaries of such Commission. In all other cases, the Federal representative on such Council shall be the Chairman of the Federal Regional Council for the affected area, or a member of the Federal Regional Council designated by the Chairman.

(4) The Governor may designate an existing multijurisdictional organization as the Recovery Planning Council where such organization complies with paragraph (2) of this subsection with the addition of State and Federal representatives.

(b) The Recovery Planning Council shall (1) review existing development, land use and other plans for the affected area; (2) make such revisions as it determines necessary for the economic recovery of the area, including the development of new plans and the preparation of a recovery investment plan for the five-year period following the declaration of the disaster; and (3) make recommendations for such revisions and the implementation of such plans to the Governor and responsible local governments.

(c)(1) A recovery investment plan prepared by a Recovery Planning Council may recommend the revision, deletion reprograming, or additional approval of Federal-aid projects and programs within the area—

(A) for which application has been made but approval not yet granted;

(B) funds have been obligated or approval granted but construction not yet begun;

(C) for which funds have been or are scheduled to be apportioned within the five years after the declaration of the disaster;

(D) which may otherwise be available to the area under any State schedule or revised State schedule of priorities; or

(E) which may reasonably be anticipated as becoming available under existing programs.

(2) Upon the recommendation of the Recovery Planning Council and the request of the Governor, any funds for projects or programs identified pursuant to paragraph (1) of this subsection shall be placed in reserve by the responsible Federal agency for use in accordance with such recommendations. Upon the request of the Governor and with the concurrence of affected local governments, such funds shall be transferred to the Recovery Planning Council to be expended in the implementation of the recovery investment plan.

PUBLIC WORKS AND DEVELOPMENT FACILITIES GRANTS AND LOANS

SEC. 503. (a) The President is authorized and directed to provide funds to any Recovery Planning Council for the implementation of a recovery investment plan by public bodies. Such funds may be used—

(1) to make direct grants or loans for the acquisition or development of land and improvements for public works, public service, or development facility usage, including the acquisition or development of parks or open spaces, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, and

(2) to make supplementary grants to increase the Federal share for projects for which funds are reserved pursuant to subsection (c) of section 502 of this Act, or other Federal-aid projects in the affected area.

(b) Grants and loans under this section may be made to any State, local government, or private or public nonprofit organization representing any major disaster area or part thereof.

(c) The amount of any direct grant under this section for any project shall not exceed 80 per centum of the cost of such project. No supplementary grant shall increase the Federal share of the cost of any project to greater than 90 per centum, except in the case of a grant for the benefit of Indians or Alaska Natives, or in the case of any State or local government which the President determines has exhausted its effective taxing and borrowing capacity.

(d) Loans under this section shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average marketing yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less 1 per centum per annum.

(e) Financial assistance under this title shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts therefore customarily performed by them: *Provided, however,* That such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary of Commerce finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

LOANS AND GUARANTEES

SEC. 504. The President is authorized to provide funds to Recovery Planning Councils (1) to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a major disaster area for the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, and rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings; and (2) to guarantee loans for working capital made to private borrowers by private lending institutions in connection with projects in major disaster areas assisted under subsection (a)(1) hereof, upon application of such institution and upon such terms and conditions as the President may prescribe: *Provided, however,* That no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

TECHNICAL ASSISTANCE

SEC. 505. (a) In carrying out the purposes of this title the President is authorized to provide technical assistance which would be useful in facilitating economic recovery in major disaster areas. Such assistance shall include project planning and feasibility studies, management and operational assistance, and studies evaluating the needs of, and developing potentialities for, economic recovery of such areas. Such assistance may be provided by the President through members of the staff, through the payment of funds authorized for this Act to other departments or agencies of the Federal Government, through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grants-in-aid to appropriate public or private nonprofit State, area, district, or local organizations.

(b) The Administrator is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of Recovery Planning Councils established pursuant to section 502 of this Act. In determining the amount of the non-Federal share of such costs or expenses, the Administrator shall give due consideration to all contributions both in cash and in kind, fairly evaluated, including but not limited to space, equipment, and services. Where practicable, grants-in-aid authorized under this subsection shall be used in conjunction with other available planning grants, authorized under the Housing Act of 1954, as amended, and highway planning and research grants authorized under the Federal-aid Highway Act of 1962, to assure adequate and effective planning and economical use of funds.

DISASTER RECOVERY REVOLVING FUND

SEC. 506. Funds obtained by the President to carry out this title and collections and repayments received under this Act shall be deposited in a disaster recovery revolving fund (hereunder referred to as the "fund"), which is hereby established in the Treasury of the United States, and which shall be available to the President for the purpose of extending financial assistance under this title, and for the payment of all obligations and expenditures arising in connection therewith. There are authorized to be appropriated to carry out this title not to exceed $200,000,000 to establish such revolving fund and such sums as may be necessary to replenish it on an annual basis. The fund shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the amount of loans outstanding under this Act computed in such manner and at such rate as may be 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 comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, during the month of June preceding the fiscal year in which the loans were made.

TITLE VI—MISCELLANEOUS

TECHNICAL AMENDMENTS

SEC. 601. (a) Section 701(a)(3)(B)(ii) of the Housing Act of 1954 (40 U.S.C. 461(a)(3)(B)(ii)) is amended to read as follows: "(ii) have suffered substantial damage as a result of a major disaster as determined by the President pursuant to the Disaster Relief Act Amendments of 1974".

(b) Section 8(b)(2) of the National Housing Act (12 U.S.C. 1706(b)(2)) is amended by striking out of the last proviso "section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thereof "section 102(b) of the Disaster Relief Act Amendments of 1974".

(c) Section 203(h) of the National Housing Act (12 U.S.C. 1709(h)) is amended by striking out "section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thereof "section 102(b) of the Disaster Relief Act Amendments of 1974".

(d) Section 221(f) of the National Housing Act (12 U.S.C. 1715(f)) is amended by striking out of the last paragraph "the Disaster Relief Act of 1970" and inserting in lieu thereof "the Disaster Relief Act Amendments of 1974".

(e) Section 7(a)(1)(A) of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress, as amended; 20 U.S.C. 241-1(a)(1)(A)), is amended by striking out "pursuant to section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thereof "pursuant to sections 102(b) and 301 of the Disaster Relief Act Amendments of 1974".

(f) Section 16(a) of the Act of September 23, 1950 (79 Stat. 1158; 20 U.S.C. 646(a)) is amended by striking out "section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thereof "section 102(b) of the Disaster Relief Act Amendments of 1974".

(g) Section 408(a) of the Higher Education Facilities Act of 1963 (20 U.S.C. 758(a)) is amended by striking out "section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thereof "section 102(b) of the Disaster Relief Act Amendments of 1974".

(h) Section 165(h)(2) of the Internal Revenue Code of 1954, relating to disaster losses (26 U.S.C. 165(h)(2)) is amended to read as follows:

"(2) occurring in an area subsequently determined by the President of the United States to warrant assistance by the Federal Government under the Disaster Relief Act Amendments of 1974,".

(i) Section 5708(a) of the Internal Revenue Code of 1954 (26 U.S.C. 5064(a)), relating to losses caused by disaster, is amended by striking out "the Disaster Relief Act of 1970" and inserting in lieu thereof "the Disaster Relief Act Amendments of 1974".

(j) Section 5708(a) of the Internal Revenue of 1954 (26 U.S.C. 5708(a)), relating to losses caused by disaster, is amended by striking out "the Disaster Relief Act of 1970" and inserting in lieu thereof "the Disaster Relief Act Amendments of 1974".

(k) Section 3 of the Act of June 30, 1954 (68 Stat. 330; 48 U.S.C. 1681), is amended by striking out of the last sentence "section 102(1) of the Disaster Relief Act of 1970" and inserting in lieu thedeof "section 102(b) of the Disaster Relief Act Amendments of 1974".

(l) Section 1820(f) of title 38, United States Code (80 Stat. 1316), is amended by striking "the Disaster Assistance Act of 1970" and inserting in lieu thereof "The Disaster Relief Act Amendments of 1974".

(m) Whenever reference is made in any provision of law (other than this Act), regulation, rule, record, or document of the United States to the Disaster Relief Act of 1970 (84 Stat. 1744), or any provision of such Act, such reference shall be deemed to be a reference to the Disaster Relief Act Amendments of 1974 or to the appropriate provision of the Disaster Relief Act Amendments of 1974 unless no such provision is included therein.

REPEAL OF EXISTING LAW

SEC. 602. The Disaster Relief Act of 1970 (84 Stat. 1744) is hereby repealed, except section 231, 232, 233, 234, 235, 236, 237, 301, 302, 303, and 304. Notwithstanding such repeal the provisions of the Disaster Relief Act of 1970 shall continue in effect with respect to any major disaster declared prior to the enactment of this Act.

PRIOR ALLOCATION OF FUNDS

SEC. 603. Funds heretofore appropriated and available under Public Laws 91-606, as amended, and 92-385 shall continue to be available for the purpose of completing commitments made under those Acts as well as for the purposes of this Act. Commitments for disaster assistance and relief made prior to the enactment of this Act shall be fulfilled.

EFFECTIVE DATE

SEC. 604. This Act shall take effect upon the date of enactment, except as otherwise indicated.

AUTHORIZATION

SEC. 605. Such funds as may be necessary are hereby authorized to be appropriated for the purpose of this Act.

SECTION-BY-SECTION ANALYSIS: 1973-74 DISASTER RELIEF ACT

TITLE I. FINDINGS, DECLARATIONS AND DEFINITIONS

Section 101. Findings and Declarations

Because of losses and adverse effects caused by disasters, this section declares that special measures are necessary to provide emergency services and assistance and to help reconstruct and rehabilitate devastated areas.

The purpose of the bill is to provide assistance by (1) revising existing disaster relief programs, (2) encouraging development of State and local disaster relief plans and capabilities, (3) improving coordination and responsiveness of disaster relief programs, (4) encouraging acquisition of insurance coverage, (5) encouraging hazard mitigation measures to reduce disaster losses, (6) providing Federal assistance programs for both public and private losses sustained in disasters; and (7) providing a long-range economic recovery program for major disaster areas.

Section 102. Definitions

A "disaster" is defined to include damage caused by any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, snowstorm, drought, fire or other catastrophe which requires emergency assistance.

A "major disaster" is any disaster determined by the President to be of sufficient severity and magnitude to warrant assistance above and beyond emergency services provided for lesser disasters.

The words "United States", "State", "Governor", "local government", and "Federal agency", are given standard definitions, except that "local government" includes any rural community, unincorporated town or village, or any other public or quasi-public entity for which an application for assistance is made by a State or political subdivision.

"Administrator" is defined for the first time as the Administrator of the Federal Disaster Assistance Administration in the Department of Housing and Urban Development.

TITLE II. DISASTER PREPAREDNESS ASSISTANCE

Section 201. Federal and State Disaster Preparedness Programs

The President is empowered to establish and conduct disaster preparedness programs, using the services of all appropriate agencies, to accomplish the following: (1) preparation of plans for disaster mitigation, warnings, emergency operations, rehabilitation and recovery; (2) disaster training and exercises; (3) post-disaster evaluations; (4) annual reviews; (5) coordination; (6) application of science and technology; (7) disaster research; (8) revision of legislation.

Technical assistance may be provided the States by the President for the development of disaster mitigation, relief, and recovery plans and programs.

Grants to the States not in excess of $250,000 may be made by the President within one year after enactment for the preparation of comprehensive disaster plans and programs, including provisions for aid to individuals, businesses and local governments, for training of staffs, for formulating regulations and procedures, and for conduct of exercises. Annual 50% matching grants not in excess of $25,000 may be made to States for improving, maintaining and updating disaster assistance plans.

Section 202. Disaster Warnings

The President is authorized to insure that agencies are prepared to issue disaster warnings, to use or make available the civil defense or other Federal communications systems for threatened or imminent disasters, to make agreements for the use of private communications systems for disaster warnings, and to assist State and local governments to provide timely and effective disaster warnings.

TITLE III. DISASTER ASSISTANCE ADMINISTRATION

Section 301. Procedures

Based upon a Governor's request that Federal disaster assistance beyond State and local capabilities is necessary, the President is authorized to declare that a major disaster exists or to take other appropriate action in accordance with this Act.

Section 302. Federal assistance

In providing Federal disaster assistance, the President may coordinate the activities of all Federal agencies and may direct them to use their available personnel, equipment, supplies, facilities and other resources in support of State and local efforts. The President may also prescribe rules and regulations to carry out any provisions of this Act and may exercise any authority conferred on him either directly or through Federal agencies.

Any Federal agency administering disaster assistance programs is authorized to modify or waive administrative conditions if such conditions can not be met because of a disaster.

All disaster assistance under this Act must be provided according to a Federal-State agreement unless specifically waived by the President.

Section 303. Coordinating officer

Upon the declaration of a major disaster, the President shall appoint a Federal coordinating officer to operate in the disaster area under the Federal Disaster Assistance Administration. The Federal coordinating officer shall make an appraisal of the relief needed, establish field officers, coordinate the administration of relief, and take other actions to assist local citizens and public officials in promptly obtaining assistance.

The President shall request the Governor of a disaster affected State to designate a State coordinating officer to coordinate State

and local disaster assistance efforts with those of the Federal coordinating officer.

Section 304. Emergency Support Teams

The President is authorized to form emergency support teams of Federal personnel to be deployed in disaster areas to assist the Federal coordinating officer. For this purpose the head of any department or agency may detail personnel to temporary duty with such emergency support teams without loss of seniority, pay or other status.

Section 305. Emergency Assistance

The President is authorized to provide, upon request of an affected State, such emergency services as he deems necessary to save lives and protect public health and safety because a disaster either threatens or is imminent.

Section 306. Cooperation of Federal Agencies in Rendering Disaster Assistance

As directed by the President, Federal agencies are authorized in a disaster to provide assistance in the following ways: (1) using or lending to States and local governments (with or without compensation) their equipment, supplies, facilities, personnel and other resources; (2) distributing medicine, food and other consumable supplies through relief and disaster assistance organizations or by other means; (3) donating or lending surplus Federal equipment and supplies; (4) performing on public or private lands or waters any emergency work or services not within State or local government capability that is essential for protection and preservation of public health and safety.

Section 307. Reimbursement

Federal agencies may be reimbursed from appropriated funds for expenditures under this Act, with such funds deposited to the credit of current appropriations.

Section 308. Nonliability

The Federal government is not liable for any claim based on performance or failure to perform by any Federal agency or employee of any discretionary duty or function under this Act.

Section 309. Performance of Services

Federal agencies carrying out the purposes of this Act may accept and use (with their consent) the services or facilities of State or local governments, may appoint and fix compensation of necessary temporary personnel, may employ experts and consultants without regard to classification and pay rates, and may incur obligations on behalf of the United States for the acquisition, rental, or hire of equipment, services, materials and supplies for shipping, drayage, travel and communications and for supervision and administration of such activities.

When directed by the President, such obligations may be incurred without regard to the availability of funds.

Section 310. Use of Local Firms and Individuals

To the extent feasible and practicable, preference is to be given in the expenditure of Federal disaster assistance funds to those organizations, firms and individuals who reside or do business primarily in a disaster area.

Section 311. Nondiscrimination in Disaster Assistance

The Administrator shall issue regulations insuring the equitable and impartial distribution of supplies and processing of applications and forbidding discrimination on the grounds of race, color, religion, nationality, sex, age, or economic status in the handling of disaster assistance.

Section 312. Use and Coordination of Relief Organizations

The personnel and facilities of such disaster relief or assistance organizations as the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and others may be used (with their consent) by the Administrator for distributing medicine, food supplies or other items, and in the restoration rehabilitation or reconstruction of community services, housing and essential facilities after a disaster. Such disaster relief or assistance organizations shall enter into agreements with the Administrator assuring that use of Federal facilities, supplies and services will comply with regulations prohibiting duplication of benefits and guaranteeing nondiscrimination promulgated by the Administrator under this Act as well as such other regulations the Administrator may require.

Section 313. Priority to certain applications for public facility and public housing assistance

Priority and immediate consideration is to be given, during a period prescribed by the President, to applications for assistance from public bodies situated in major disaster areas under several Housing Acts, the Public Works and Economic Development Act, the Appalachian Regional Development Act, and the Federal Water Pollution Control Act.

Section 314. Insurance

Applicants for assistance under this Act must obtain any reasonably available, adequate and necessary insurance to protect against losses to property which is replaced, restored, repaired or reconstructed with that assistance.

Property for which assistance was previously provided under this Act is not eligible to receive additional assistance in the future unless all insurance required by this section has been obtained and maintained.

Section 315. Duplication of benefits

The Administrator is required to ascertain that no person, business concern or other entity receives financial assistance from more than one source for the same damage or loss from a disaster.

No person, business or other entity could receive Federal aid for any loss compensated by insurance, but partial compensation for a particular loss would not preclude additional assistance for that part of the loss not compensated or otherwise.

The Administrator is to determine whether any person, business concern or other entity may have received duplicate benefits and, on such a finding, to direct that person, business concern or other entity to reimburse the Federal Government for that part determined to be excessive.

Section 316. Reviews and reports

The President is to conduct annual reviews of the disaster assistance activities of the Federal, State and local governments to assure maximum coordination and effectiveness of these programs and to report periodically thereon to Congress.

Section 317. Criminal and civil penalties

Persons willfully violating orders or regulations under this Act would be subject to a fine of not more than $10,000, imprisonment for not more than one year, or both.

Each violation of any order or regulation under this Act would be subject also to a civil penalty of not more than $5,000.

Any persons wrongfully applying proceeds of a loan or other cash benefit would be civilly liable to the Federal Government for an amount 1½ times the original principal of a loan or cash benefit.

Section 318. Emergency wage, rent, and price controls

Upon request of a State Governor, the President is authorized, if he determines that a major disaster has caused substantial dislocation of persons, severe scarcities of housing, goods or services, and unusual demand for skilled labor and building materials, to impose controls for the duration of the disaster period on maximum allowable wages, rents and prices for goods and services which in his judgment are necessary to assist in restoring housing and other facilities and in promoting economic recovery of the area.

TITLE IV. FEDERAL DISASTER ASSISTANCE PROGRAMS

Section 401. Federal facilities

The President may authorize immediate repair, reconstruction, restoration or replacement of any disaster-damaged facility owned by the United States if he determines that such action is so important and urgent that it cannot be deferred until required legislation, appropriations, or Congressional committee approval is obtained.

Section 402. Repair and restoration of damaged facilities

The President is authorized to make grants to help repair, restore, reconstruct or replace the following facilities damaged or destroyed by a major disaster: (1) public facilities belonging to State or local governments, including those used for educational and recreational purposes; (2) private nonprofit educational, utility, emergency, medical and custodial care facilities, including those for the aged and disabled; (3) facilities on Indian reservations as defined by the President; and (4) facilities listed above in the process of construction.

Federal grants for these purposes shall not exceed 100% of the net cost of restoring such facilities as they previously existed in conformity with applicable codes, specifications and standards.

If a State or local government determines that public welfare would not be best served by repairing, restoring, reconstructing or replacing particular publicly owned or controlled facilities damaged in a disaster, in lieu of the above grant it may elect to receive a contribution equal to 90% of the total estimated cost of restoring all damaged public facilities within its jurisdiction. Such funds may be used to repair or restore certain selected damaged public facilities or to construct new public facilities which would better meet its needs for governmental services and functions.

Section 403. Debris removal

The President is authorized, either by using Federal departments and agencies or by making grants to States and local governments, to clear debris and wreckage resulting from a disaster from publicly and privately owned lands and waters.

In order for this section to be carried out, a State or local government must first arrange unconditional authorization for removal of debris from public or private property and, in the latter case, must agree to indemnify the Federal Government for any claims resulting from such removal.

Section 404. Temporary housing assistance

The Administrator is authorized to provide, either by lease or purchase, temporary housing or other emergency shelter for persons and families displaced by a major disaster. Such housing may include, but not be limited to, unoccupied habitable dwellings, suitable rental housing, mobile homes or other readily fabricated dwellings.

No rental is to be charged during the first twelve months occupancy of such emergency shelter, but thereafter rentals based on fair market value and on financial ability of the occupants are to be established. Emergency housing acquired by purchase may be sold directly to occupants at fair and equitable prices.

Mobile homes or fabricated dwellings are to be installed on sites complete with utilities without charge to the United States provided either by the State or local government or by the owner or occupant of a site displaced by a major disaster. However, the Administrator is authorized to provide other

more economical and accessible sites or to authorize installation of essential utilities at Federal expense if it is in the public interest.

The President is authorized to provide, for a period not to exceed one year, grants for mortgage or rental payments for individuals or families who, because of financial loss caused by a major disaster, have received an eviction or dispossession notice resulting from foreclosure of any mortgage or lien, cancellation of any contract of sale, or termination of any lease.

Section 405. Restoration of private homes to habitable condition

The President is authorized, in place of providing other types of temporary housing, to make expenditures at a total cost of no more than $2,500 each to repair or restore to a habitable condition owner-occupied private residential structures made uninhabitable by a disaster which are capable of being restored quickly to a habitable condition with minimum repairs.

Standards, criteria and procedures for administering such expenditures are to be established in regulations promulgated by the President.

Section 406. Minimum standards for public and private structures

Recipients of disaster loans or grants must agree to comply with applicable standards of safety, decency and sanitation and with applicable codes, specifications and standards in any repair or reconstruction financed by such assistance.

State and local governments must agree that, in areas where disaster loans or grants are to be used, natural hazards will be evaluated and action taken to minimize them, including safe land-use and construction practices according to standards prescribed by the President.

Section 407. Unemployment assistance

Individuals unemployed as a result of a disaster who are not eligible for or who have exhausted their eligibility for unemployment compensation may be authorized by the President to receive assistance not exceeding the maximum weekly amount authorized under the unemployment compensation program of the State in which the disaster occurred. The amount of such assistance, which cannot be provided for more than one year, is to be reduced by the amount of unemployment compensation or of private income protection insurance payments otherwise available to the unemployed person.

Reemployment services to those unemployed as a result of a major disaster may also be provided by the President under other laws.

Section 408. Disaster Grants for Needy Persons

The President is authorized to make grants to States for financial assistance not in excess of $2,500 to persons adversely affected by a disaster where assistance under Section 407 and other provisions of this act are not sufficient to enable them to obtain essential human needs and services.

Grants to States for this purpose can not exceed 75% of the estimated cost of providing such needs and services and are to be administered by the Governor or his designated representative. As much as 25% of the estimated Federal contribution may be provided as an initial advance, but no more than 3% of the total grant may be used by the State for administrative purposes.

National criteria, standards and procedures for eligibility and administration of individual assistance grants are to be provided in regulations promulgated by the President.

Section 409. Food Coupons and Distribution

The President is authorized to distribute through the Secretary of Agriculture food coupons and surplus commodities to low-income households which, because of a disaster, are not able to purchase adequate amounts of nutritious food.

The distribution of food coupons and surplus commodities may continue as long as the President determines it to be necessary in view of a major disaster's effects on the earning power of recipients.

Section 410. Food Commodities

The Secretary of Agriculture is authorized and directed to provide food commodities which will be readily and conveniently available for mass feeding and distribution purposes in major disaster areas, and to utilize funds appropriated to the Department of Agriculture for the purchase of commodities necessary to provide adequate food supplies in any major disaster area.

Section 411. Relocation assistance

No person otherwise eligible for replacement housing payments under the Uniform Relocation Assistance Act of 1970 is to be denied that eligibility because he is prevented by a major disaster from meeting the occupancy requirements of that Act.

Section 412. Legal services

The Administrator is authorized to assure the availability in a disaster area, with the advice and assistance of Federal agencies and State and local bar associations, of legal services to low-income individuals not able to secure such services because of a major disaster.

Section 413. Crisis counseling assistance

The President is authorized to provide professional counseling services through the National Institute of Mental Health, including financial assistance to State or local agencies or to private mental health organizations, in order to relieve mental health problems caused or aggravated by a major disaster.

Section 414. Community disaster grants

Grants not exceeding 10% of annual operating budgets may be made by the President to local governments suffering substantial tax and revenue losses and demonstrating need for financial assistance because of major disasters.

Section 415. Emergency communications

The Administrator is authorized to establish temporary communications systems in any major disaster area to help carry out his functions and to make them available to other government officials and individuals.

Section 416. Emergency public transportation

Temporary public transportation service may be provided by the Administrator in a major disaster area to meet emergency needs and to provide transportation to governmental, supply, educational and employment centers in order to restore normal life patterns.

Section 417. Fire suppression grants

The President is authorized to provide assistance and grants to States to assist in the suppression on publicly or privately owned lands of any fire which threatens to become a major disaster.

Section 418. Timber sale contracts

If damages caused by a major disaster result in additional costs for constructing roads specified in existing timber sale contracts made by the Secretaries of Agriculture and Interior, such additional costs will be borne by the Federal government under the following conditions: (1) if the cost is more than $1,000 for sales under one million board feet; (2) if the cost is more than $1 per thousand board feet for sales of one to three million board feet; or (3) if the cost is more than $3,000 for sales over three million board feet.

The appropriate Secretary may allow cancellations of a contract entered into by his department if he determines that disaster damages are so great that construction, restoration or reconstruction of roads is not practical under the above cost-sharing arrangement.

Whenever the Secretary of Agriculture determines that the sale of timber from national forests in an area damaged by a major disaster will assist in construction of that area, will assist in sustaining the economy of that area, or is necessary to salvage the value of damaged timber, he may reduce to seven days the minimum period of time for advance public notice of such sale required by the Act of June 4, 1897 (16 U.S.S. 476).

The President is authorized to make grants to States or local governments to remove timber damaged by a major disaster from privately owned lands. State or local governments may reimburse any person from these funds for those expenses incurred in removing such damaged timber which exceed the salvage value of the timber.

TITLE V. ECONOMIC RECOVERY FOR DISASTER AREAS

Sec. 501. Purpose of title

The purpose of Title V is to authorize additional recovery assistance for any major disaster area in which economic dislocation is so severe that cooperative planning for development, restoration of employment base, and continued coordination of Federal-aid programs are required for long-range restoration and rehabilitation of normal commercial, industrial and other economic activities in the area.

Section 502. Disaster recovery planning

After determining that special assistance is required under this title because of a major disaster in his State, a Governor may designate a Recovery Planning Council of not less than 5 members, a majority of whom are to be local elected public officials from political subdivisions in the disaster area. One appointed member is to represent the State, while the Federal government is to be represented by either the Chairman of the Federal Regional Council (or another member designated by him) or the Cochairman of the Federal Regional Commission (or his designee) in those areas where such a body has been established under the Appalachian Regional Development Act or the Public Works and Economic Development Act. If a qualified multijurisdictional organization already exists in the major disaster area, the Governor may elect to designate that organization, with Federal and State representatives added, to act as the Recovery Planning Council.

The Recovery Planning Council is to review existing development, land use or other plans, revise those plans it determines to be necessary, develop new plans, prepare a 5-year Recovery Investment Plan, and make recommendations to the Governor and to local governments for revising and implementing those plans. It may recommend revising, deleting, reprogramming or further approval of Federal-aid projects in the major disaster area for which applications are pending, funds have been obligated but construction not started, funds have been or may be apportioned during the next five years, State scheduling may become available, or approval might be reasonably anticipated.

If recommended by the Council and requested by the Governor, any funds for Federal-aid projects or programs noted above will be placed in reserve by the responsible Federal agency to be used in accordance with such recommendations of the Council. If affected local governments concur with a request by the Governor for such action, these funds will be transferred to the Recovery Planning Council to be expended according to the Recovery Investment Plan.

Section 503. Public Works and Development Facilities Grants and Loans

The President is authorized and directed to provide funds to Recovery Planning Councils for the implementation of Recovery Investment Plans in major disaster areas. Both grants and loans can be made from these funds to any State or local government and to public or private nonprofit organizations representing all or part of any major disaster area. Such grants and loans can be used for the acquisition or development of land and improvements for public works, public service or public development facilities (including parks and open spaces), for acquiring, constructing, rehabilitating, expanding or improving those facilities (including machinery and equipment). Grants for these purposes are not to exceed 80% of project cost, except that the Federal share may be increased by supplementary grants to a maximum of 90% in some cases and without limit for grants benefiting Indians (or Alaskan Natives) or in those cases the President determines that a State or local government has exhausted its taxing and borrowing capacity. The interest rate for loans made under this section is to be fixed at a rate one percent less than the current average market yield on outstanding marketable U.S. obligations.

No grant or loan is to be made which would help establishments relocate from one area to another or would assist subcontractors in divesting other contractors or subcontractors of the contracts they customarily perform. If the Secretary of Commerce finds, however, that the establishment of a branch, affiliate or subsidiary would not increase unemployment in the original location of an existing business, aid for such expansion is not prohibited unless the Secretary believes that it is being done with the intent of closing down operations of the existing business.

Section 504. Loans and Guarantees

Loans may be made also to help finance in major disaster areas projects for the purchase or development of land and facilities for industrial and commercial usage. Funds made available under this section may be expanded for such purposes as the construction, rehabilitation, alteration, conversion or enlargement of buildings or the acquisition of machinery and equipment.

Loans made by private lending institutions to private borrowers for working capital in connection with projects in major disaster areas assisted by direct loans provided in this section may be guaranteed to a maximum of 90% of the unpaid balance of such loans.

Section 505. Technical Assistance

To help facilitate economic recovery in major disaster areas, technical assistance may be provided to both public and private agencies in accordance with the purposes of Title V. Included among the types of assistance to be provided are project planning, feasibility studies, management and operational assistance, and analyses of economic recovery needs and potential. Technical assistance may be extended through grants-in-aid, contracts, employment of persons, firms, or institutions, reimbursement of other Federal agencies, or direct use of personnel under the Administrator's direction. Not to exceed 75% of the administrative expenses incurred by organizations which receive grants for technical assistance may be authorized as supplementary grants, subject to certain specified limitations.

Section 506. Disaster recovery revolving fund

Not to exceed $200 million is authorized to be appropriated for a disaster recovery revolving fund which is to be established in the Treasury and is to be replenished annually. Funds obtained to carry out Title V and all collections or repayments received from its programs are to be deposited in this special fund. Financial assistance extended under this title and payment of all related obligations and expenditures are to be made from the revolving fund. At the end of each fiscal year interest on the amount of loans outstanding under the act, based on current average yield on outstanding marketable U.S. obligations, is to be paid by the fund into miscellaneous receipts of the Treasury.

TITLE VI. MISCELLANEOUS

Section 601. Technical amendments

A number of existing statutes are amended by substituting the title of this Act for that of the Disaster Relief Act of 1970.

Section 602. Repeal of existing law

All sections of the Disaster Relief Act of 1970 are repealed except those dealing with disaster loan programs and interest rates (sections 231, 232, 233, 234, 235, 236 and 237), technical amendments (section 301), repeal of prior law (section 302), prior allocation of funds (section 303) and effective date (section 304).

Section 603. Prior allocation of funds

Funds previously appropriated under P.L. 91–606 and P.L. 92–385 will continue to be available for purposes of completing commitments made under those acts as well as for purposes of this act, and any prior commitments are to be fulfilled.

Section 604. Effective date

Except for those sections for which other times are indicated, the effective date of this act is its day of enactment.

Section 605. Authorization

Funds necessary for the purposes of this act are authorized to be appropriated.

REASONED LEGISLATION FOR DISASTER RELIEF PROGRAM IS NEEDED

Mr. RANDOLPH. Mr. President, I join with the able Senator from North Dakota (Mr. BURDICK), the chairman of our Subcommittee on Disaster Relief, and other members of the Committee on Public Works in cosponsoring the Disaster Relief Act Amendments of 1974.

The Disaster Relief Act of 1970 was a significant step forward in enabling the Federal Government to respond efficiently and effectively to the disasters that strike without warning throughout our country. Prior to its enactment, there was not sufficient standing authority to provide relief immediately after a disaster. Each of these tragedies had to be handled on an individual basis with separate legislation acted upon by the Congress.

The 1970 act, drafted by the Committee on Public Works, changed that and since that time there have been people and funds available in an orderly fashion immediately after a disaster.

When the 93d Congress convened in early 1973 the Committee on Public Works agreed that it was time to review the provisions of the Disaster Relief Act of 1970 and how they had been implemented. As chairman of the committee I reestablished our Subcommittee on Disaster Relief as a standing subcommittee and appointed Senator BURDICK its chairman.

Under the leadership of Senator BURDICK and Senator DOMENICI, the ranking minority member, the subcommittee for the past year has given careful scrutiny to the act and of its ability to ease suffering and hardship. Extensive hearings were conducted both in Washington and in areas which had suffered disasters. The legislation we introduce today incorporates what we believe to be modifications based on those hearings that will improve the basic statute.

The experience of more than 3 years with this law has shown us both strengths and weaknesses, as is the case in any new program.

I anticipate that the Subcommittee on Disaster Relief and the Committee on Public Works will expedite their consideration of this matter so that it can be brought to the Senate for debate. The subcommittee intends to conduct an additional hearing in the near future to receive the responses of the administration and other interested groups to this legislative proposal. During development of this bill members of the subcommittee and its staff have maintained close contact with representatives of the executive branch. Through this continuous liaison we hope to avoid clashes between the legislative and executive branches on the provisions of this bill. While neither branch may be in total agreement with the other, we attempted to work together, and as a result, many sound suggestions of the administration and, indeed, provisions of the administration bill, were included in this bill as we now introduce it.

Senator BURDICK has reviewed in detail the provisions of the bill. I will call attention at this time to only one specific feature of the measure, for it is one in which I have a particular interest. Just 2 years ago, 125 West Virginians died when a mine refuse dam collapsed sending a torrent of water through the narrow Buffalo Creek Valley. After the initial rescue and relief operations, planning started for long-range rehabilitation of the Buffalo Creek area. A number of State and Federal agencies were concerned with this effort but progress has not been as rapid as I would have liked, and the people there have not been able to rebuild a satisfactory community.

Because of the Buffalo Creek experience and the subcommittee's experience with other post-disaster recovery efforts, particularly in Rapid City, S. Dak., and with Hurricanes Agnes and Camille, this bill provides a new long-range recovery program. Essentially, it provides for a coordinating mechanism for all facets of recovery, including all Federal-aid programs, and provides a $200 million disaster recovery revolving fund. Long-range recovery would be directed by a Recovery Planning Council in each area. Along with a State and a Federal representative, local elected officials would comprise the membership of each council and would have authority to coordinate or redirect the expenditure of Federal funds for 5 years following the disaster. The Council mechanism is intended to assure a coordinated recovery effort to avoid the confusion that can result when a number of well-intentioned agencies operate independently.

Mr. President, no part of the United States is immune from disasters. Hurricanes, fire, flood, and earthquakes can strike, and without warning. We must be prepared to respond with aid following

disaster without delay. That is why this legislation is of great importance to every Member of the Senate. I urge my colleagues to examine this proposal closely and to share with the subcommittee their thinking on this subject.

Mr. DOMENICI. Mr. President, as ranking Republican Member of the Public Works Disaster Relief Subcommittee, I am pleased to join with the distinguished chairman of the committee, Senator RANDOLPH, the subcommittee chairman, Senator BURDICK, and other members of the subcommittee in introducing the Disaster Relief Act Amendments of 1974.

The bill we introduce today would continue and build upon the basic programs and mechanism established in the Disaster Relief Act of 1970, Public Law 91-606. The 1970 Disaster Relief Act was the first effort by the Congress to establish a permanent comprehensive program for Federal disaster assistance, culminating many years of experience and activity in this legislative area.

The Disaster Relief Act authorizes the President to declare major disasters, to provide specific kinds of assistance, including lifesaving and emergency measures, shelter, food, loans to homeowners and businesses, and grants for repair and reconstruction of public facilities. Besides the programs specifically authorized in the law, the Federal Coordinating Officer for the disaster, appointed by the President, is charged with administering and coordinating all Federal relief activities in the disaster area. Federal disaster aid has grown in a fragmented, ad hoc fashion and today there are over 30 Federal agencies, bureaus, and offices providing some form of disaster assistance either under Public Law 606 or their own statutory authority. The main purpose of the 1974 act is to coordinate these separate activities and authorities, simplifying the Federal side of disaster relief.

Last year the Public Works Committee reinstated the Disaster Relief Subcommittee to evaluate the adequacy and effectiveness of the 1970 act and to make recommendations, as may be necessary, to improve the law. Public Law 606 has been utilized in over 104 disasters since 1970 giving us extensive experience with the program in a wide variety of disasters.

The amendments being proposed are based on the extensive hearing record compiled by the Disaster Subcommittee last year. The subcommittee held 7 days of field hearings receiving testimony from over 200 witnesses in Biloxi, Miss., Rapid City, S. Dak., Wilkes-Barre, Pa., and Elmira-Corning, N.Y. All of these in recent years have been ravaged by natural calamities. Biloxi was struck by hurricane Camille in 1969 and represented the most costly natural disaster up to that time. Rapid City was devastated by floods in 1972 with serious loss of life. Wilkes-Barre and Elmira-Corning were among the worst hit areas during tropical storm Agnes. Storm Agnes is now considered the most destructive natural disaster in the history of this country.

In addition to field hearings, the subcommittee held 3 days of hearings in Washington on specific proposals to amend the 1970 Disaster Act, including S. 1840, the Disaster Preparedness and Assistance Act of 1973, proposed by the administration.

I believe there was general agreement expressed throughout the hearings that the authorities and procedures established in Public Law 606 are adequate and responsive as far as they go. Amendments and changes have been recommended but there is agreement that we have a basically sound disaster relief program.

I do not consider the bill introduced today as the final product. I believe it is important to present this bill for consideration by our colleagues, Governors, mayors, and others who have experience with the current law and who have already made valuable suggestions and comments. Several sections of the bill would authorize entirely new programs and while we have testimony on the general concepts embodied in these sections, the subcommittee has not had the advantage of hearings or full deliberation.

Senator BURDICK has placed a detailed analysis of the provisions of the bill in the RECORD but I would like to note a few important changes.

Section 408 of the bill would authorize a new program of direct grants to individuals who may, as a result of the disaster, need cash assistance to meet extraordinary disaster-related needs or to obtain immediate human needs and services.

The grant program proposed in this section would be supplemental to all other forms of aid under the act and would be extended only in those cases where those programs are not adequate. The Disaster Relief Act authorizes several programs to help individuals and families recover from the disaster including shelter, food commodities and food stamps, home loans, and unemployment compensation. There are, however, individuals who, after receiving assistance under these sections, may still be in need of cash to meet their disaster related needs.

"Needy" as used in this section refers to need created by the disaster and is not tied to a means test or an individual's income before the disaster. The approach proposed in this bill is to permit those victims most in need to obtain the most relief. Rather than the artificial structure of forgiveness which is now a feature of the disaster loan program, we must determine which families require extra assistance and approach it directly with a grant.

As proposed, the President would develop national eligibility criteria and regulations for the program which the individual States would administer in the disaster area.

In addition to the needy grants, the bill would write into law the "minirepair" program. The purpose of the program is to provide grants up to $2,500 for emergency repairs to damaged dwellings, allowing owners to reoccupy their homes as quickly as possible after the disaster. The program was used fairly successfully in several recent disasters as an alternative to the use of mobile homes and other temporary housing measures.

The bill would not affect the current disaster loan programs of the Small Business Administration and Farmers Home Administration. These would continue as part of the comprehensive disaster package. It could be that the needy grant and minirepair, if enacted, and the disaster loan programs would be handled by one application form and one individual at the one-stop service center established in a disaster area, facilitating coordination of these individual assistance efforts.

The bill, for the first time, includes Indian reservations and tribal organizations in the definition of "local government." This enables the President to make grants to these groups for repair or reconstruction of damaged facilities pursuant to a major disaster declaration for the area.

Under existing law, some Indian facilities, not covered by other Federal programs, are eligible for grant assistance where the State or local government is willing to apply on their behalf. The new language would allow the President to make grants to these groups as he would to other local governments so they can be assured of receiving all the assistance available to a community under the act for restoration purposes.

This language does not alter the authorities and duties of the Bureau of Indian Affairs, the Indian Health Service in HEW and other Federal programs responsible for restoration of facilities under existing law. There may, however, be some facilities not covered by the regular Federal programs which would be eligible for assistance from the President's Disaster Funds. This new language would assure that these reservations and areas are not discriminated against when applying for the program.

The grant would cover not only public facilities but would also include private nonprofit educational, utility, emergency, medical, and custodial care facilities including those for the aged and disabled.

Grants authorized under this section would be made on the same basis as grants to State or local governments for restoration of public facilities. That is, the grant would be up to 100 percent of the net cost of restoration on the basis of the design of the facility as it existed prior to the disaster. Allowance is made for bringing such facility up to current applicable codes, specifications, and standards.

By virtue of their inclusion in the definition section, Indian tribes, and reservations would also be eligible for community grants authorized under section 414. These grants may be made to "local governments" suffering substantial tax and revenue losses and demonstrating need for financial assistance because of a major disaster.

Section 402 would provide assistance for the repair or reconstruction of damaged facilities, both publicly owned facilities and certain facilities owned by private nonprofit entities.

Under Public Law 606, grants are made to States and local governments for the repair or reconstruction of public facilities damaged in a disaster. Several witnesses during our hearings recommended

more flexibility in the replacement program with less direct Federal involvement. The administration's proposal recommended a public facility block grant program.

Under the proposed amendments States and local governments would be given the option of receiving a block grant to cover up to 90 percent of the estimated cost of replacement of all damaged public facilities or proceeding with the present system of 1-to-1 replacement with the Federal oversight and red-tape now associated with the program. I am convinced many communities will take advantage of the opportunity to assess their needs and future plans and with the flexibility of the block grant replace the dated system with a new infrastructure better suited to current needs.

As I stated earlier, the testimony received by the subcommittee on Public Law 606 indicated wide support for the act as far as it goes. The most critical testimony our subcommittee received related to Federal activity in the post disaster, long-range recovery phase. The hearings pointed up a serious lack of policy direction and planning for long-range recovery efforts.

At the present time, States and communities trying to rebuild after a disaster have had to turn to the separate Federal categorical aid programs which happen to be on the books and available at the time. These programs were not designed for disaster situations, and we have had to bend these regular programs to meet the particular needs created by the disaster. The numerous time-consuming requirements and regulations are more frustrating when imposed on the already beleagured communities digging out from a disaster. The local problem is further exacerbated in a disaster area by the wide variety of needs which must be met within a far shorter time frame than is true under normal circumstances.

I believe that flexibility, some certainty of funding and adequate planning could well be more important in this phase than the overall amount for long-range recovery.

The Federal Government, through its various categorical programs, is already heavily involved in long-range recovery of disaster areas. The question now becomes how to better plan and manage that effort.

Title V would authorize a long-range disaster recovery program under a Disaster Recovery Planning Council of locally elected officials and Representatives of the State and Federal Governments. The Council would pull together and implement an overall recovery plan for an area.

One purpose of the Recovery Investment Plan prepared by the Council is to identify and mobilize Federal programs either operating in the disaster area being proposed or which could be tapped for the rebuilding effort.

Federal agencies, following Council recommendation and the request of the Governor, would place funds for previously planned or eligible projects in reserve. These funds would go to the Recovery Planning Council to implement the Recovery Investment Plan if local public bodies concurred and the Governor requested this action.

Section 503 authorizes grants, loans, and loan guarantees for implementation of the recovery plan.

In addition, grants for administrative expenses of the Councils and technical assistance would be available.

Many questions could be raised regarding this title—not the least of which is to define the objective of Federal long-range recovery and the extent of our commitment. Long-range recovery is a completely new, very significant program equal in scope and importance to the Disaster Relief Act. The proposal in this bill is only one way to meet the very real need for coordinated long range recovery in communities devastated by a disaster. Because it is new and a major program, title V should be given close scrutiny and full, complete discussion.

Mr. President, I want to take this opportunity to acknowledge the attention and hard work Senator BURDICK has given this legislation. I have enjoyed working with him over the past year and look forward to working with him and other members of the subcommittee after we have received the views of the Federal agencies, the Governors and all who must exercise responsibility in this field.

By Mr. ABOUREZK:

S. 3063. A bill to repeal the depletion allowance on mineral production on lands owned by the U.S. Government. Referred to the Committee on Finance.

Mr. ABOUREZK. Mr. President, during this current period of political and economic crisis in our country, the Congress will make a number of important decisions regarding the future of our political economy. A major problem that has been raised in the past and is currently being discussed with much fervor is the critical issue of taxation.

In its original conception our system of taxation was designed to be just, fair, and equitable in its application to all classes in our society. Yet, over the years, because of the corrupting influence on our political process by major industrial groups in our economy, the tax system has become riddled with so many loopholes that advantages and benefits have disproportionately accrued to the rich at the expense of the poor.

In short, the great economic power of a few has been used to gain political power and this political power has been used to maintain and increase the economic power of the same few. The deficiencies in our tax laws result in a condition nothing short of legalized tax evasion. And one of the major perpetrators of securing Government sanction for tax evasion has been the oil industry. Philip Stern has estimated that in 1971 alone just five major oil companies—Exxon, Texaco, Mobil, Gulf, and Standard of California—deprived the U.S. Treasury of $2.585 billion in revenue. In the period 1962–71, these same companies deprived the U.S. Treasury of roughly $16.6 billion.

To accomplish this raid of the Treasury the oil companies through various legal and illegal means convinced the Congress and the executive branch to grant it certain tax privileges, one of the most outrageous of which is the depletion allowance. This allowance is permitted for numerous mineral and fuel resources. As originally conceived it was designed to compensate the owners for the gradual exhaustion of a nonrenewable asset, because it was argued that oil found beneath privately owned land constituted a capital asset. Therefore, since it was not the intent of the income tax law to tax capital as income, this allowance has been consistently defended by the oil, gas and other mineral producers as legitimate compensation for the loss of capital value as the nonrenewable oil is removed from the ground.

Prof. Robert Engler has written in his excellent book, "The Politics of Oil":

> Originally, the depletion has been limited to the cost of the investment, with the provision that once the cumulative allowance equaled this investment the grant was to cease. This was modified so that the capital investment, for tax purposes, came to include an estimate of the value of the oil and gas. Discovery valuation for each well was soon viewed as too complex to administer. Under the pressure of the industry, the Congress redrafted the tax laws and depleted capital became calculated on the arbitrary basis of 27½ per cent (changed in 1969 to 22 per cent, a provision tacitly approved by the major oil companies who were earning more than enough tax credits from their overseas operation) of gross income. It was assumed that in a period of lower oil costs, profits and corporate taxes, this percentage depletion would average out at a rate comparable to the allowance under the earliest discovery depletion. No account is taken any longer of the average cost. Nor is any calculation made of the depletion allowance already accumulated or any estimate made of the reserves of a given property. Percentage depletion can be deducted through the full producing life of the property. Thus, the owner of the wells in which $500,000 has been invested and which produce a million dollars' worth of oil each year for ten years can deduct a total of $2,750,000 from his taxable income during that period (recoupling over 5 times his original investment). It should also be noted that the increase in the corporate income tax rate from 13 per cent in 1926 to 52 per cent in 1959 has meant the quadrupling of the worth of the depletion allowance to oil producers.

Recently, one major oil company, Arco, stated publicly that it could live without the depletion allowance. In one of those rare ironies or history, I find myself in agreement with this position. Percentage depletion has been a subsidy by the taxpayers to a particular class of businessmen—the producers of crude oil, coal, natural gas, uranium, oil shale, and other vital mineral resources. The current shortages of energy testify to the fact that these subsidies have proven worthless to the consumer, while extraordinarily beneficial to the producers.

Taken together with another welfare subsidy, intangible drilling deductions, U.S. taxpayers have, according to Philip Stern in his book, "The Rape of the Taxpayer":

> Been making an annual "tax expenditure" of more than one and a half billion dollars per year . . . supposedly to encourage more exploration for oil and gas.

Stern asks the key question and supplies the answer:

Have the taxpayers been getting their money's worth? A lengthy and highly technical study commissioned and made public by the US Treasury Department in 1969 suggests that this may be one of the most wasteful expenditures tolerated by the American public. The study concluded that the $1.6 billion annual "tax expenditure" had been resulting in added outlays for oil exploration of just $159 million—only one-tenth the annual revenue loss from depletion and "intangibles."

The depletion allowances which now extend to over 100 specifically enumerated minerals, including such things as gravel and underground water and steam, do not benefit small businesses. In fact, argues Stern:

The latest available government statistics on the subject show that in 1967 nearly 92 per cent of all depletion deductions were taken by the most colossal corporations in the country—those with assets of more than a quarter of a billion dollars. And about $99.70 out of every $100 went to companies with assets of a million dollars or more.

Not only does the depletion allowance provide billions of dollars in Government handouts to the major extractive industries, but it also encourages a more rapid exploitation of our finite resources. Faced with the pressing need to establish a rational national energy policy, Congress must take a long view of how our natural resources are going to be taxed.

While a number of Senators have introduced legislation to eliminate all the tax loopholes granted to the oil industry, the legislation I am introducing today would eliminate just one in a very specific circumstance.

As my colleagues in the Senate are aware, the original justification for the depletion allowance was to compensate owners for the depletion of thier assets on private lands. The depletion allowance was never intended to be taken by privately owned corporations on assets belonging to the people of the United States. Yet, this is precisely what has happened. Oil, natural gas, oil shale, coals, uranium, and other vital natural resources exist in great quantities on federally owned land. These mineral and energy assets are owned solely by the people, with the Federal Government acting as a steward protecting these assets for their benefit. Therefore, there is entirely no justification for any company to take the depletion allowance for a mineral asset owned by the people.

This thought was stated quite well by former Senator Paul Douglas who wrote:

It is the government's asset, not the oil companies', that will be depleted, and to compensate private producers who are not owners for this would be close to highway robbery.

I fully agree with a number of my colleagues that all the welfare payments in the form of tax subsidies to the major oil companies ought to be ended. However, the legislation I am introducing today ought to be voted on without delay, for it simply prohibits anyone from taking a depletion allowance on assets owned by the U.S. Government. The argument for such a prohibition, it seems to me, is so clear and simple.

By Mr. ABOUREZK:

S. 3064. A bill to amend section 111(a) of title 38, United States Code, relating to the payment of travel expenses for persons traveling to and from Veterans' Administration facilities. Referred to the Committee on Veterans' Affairs.

Mr. ABOUREZK. Mr. President, I am today introducing a bill which will amend section 111 of title 38, in the United States Code, relating to the payment of travel expenses for persons traveling to and from Veterans' Administration facilities.

In the year ending on June 30, 1973, there were 10.7 million visits by veterans to Veterans' Administration facilities throughout the country. According to a recent article in the U.S. News & World Report, over 83,000 veterans received treatment on an average day last November.

Yet, there is a growing problem for a large number of veterans who require regular treatment in our VA centers. With the high cost of gasoline, food, and lodging, they simply can no longer afford to make the necessary trips to the centers to obtain their medical care. Hence, many are left with no choice but to forgo their treatment rather than sacrifice part of their limited income for food and clothing at home.

Since the current VA rate of 6 cents per mile and $12 per day was instituted in 1968, the cost of living has increased over 30 percent. The cost of operating an automobile has risen even more awesomely. The American Automobile Association estimate for the average variable cost, per mile, of operating an automobile in 1968 was 3.8 cents. Now, 6 years later, that figure has risen to 16.5 cents per mile based on a Department of Transportation report issued in December of last year. With the meteoric rise in gasoline prices since then, I am sure that even this estimate falls below actual operating costs.

Mr. President, my bill would amend the present law by providing that the VA mileage rate would not be less than the current Department of Transportation estimate of the average variable costs, per mile, of operating an automobile. In addition, it allows the per diem rate to reflect the current costs of meals and lodging more adequately by setting a minimum per diem of $20.

I believe that the enactment of this bill would immeasurably help the millions of veterans who require treatment in our Veterans' Administration hospitals and centers. President Nixon's promise that "the best of medical assistance shall not be denied our veterans" demands that we insure that all of our veterans have sufficient access to that medical assistance. In many cases, to deny them sufficient funds for travel, is to deny them their treatment.

Mr. President, this bill will insure that every veteran, no matter what their financial condition, will be allowed their treatment. I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 3064

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 111(a) of title 38, United States Code, is amended by adding at the end thereof the following: "In no event shall the per diem rate for meals and lodging be less than $20 or the mileage rate be less than the current Department of Transportation estimate of the average, variable costs, per mile, of operating an automobile."

SEC. 2. The amendment made by this Act shall be effective with respect to travel performed on and after the date of enactment of this Act.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 1218

At the request of Mr. GRAVEL, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 1218, a bill to amend title II of the Communications Act of 1934 to authorize common carriers subject to such title to provide certain free or reduced rate service for individuals who are deaf or hard of hearings.

S. 2343

At the request of Mr. MCCLURE, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 2343, to authorize the Secretary of the Interior to convey, by quitclaim deed, all right, title, and interest of the United States in and to certain lands in Coeur d'Alene, Idaho, in order to eliminate a cloud on the title to such lands.

S. 2495

At the request of Mr. MAGNUSON, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 2495, to amend the National Aeronautics and Space Act of 1958 to apply the scientific and technological expertise of NASA to the solution of domestic problems.

S. 2510

At the request of Mr. CHILES, the Senator from New York (Mr. JAVITS), the Senator from Utah (Mr. Moss), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Alaska (Mr. GRAVEL), and the Senator from Alabama (Mr. ALLEN) were added as cosponsors of S. 2510, a bill to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes.

S. 2647

At the request of Mr. STEVENS, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of S. 2647, a bill to amend section 5343(c)(1) of title 5, United States Code, to expand the data base for Federal wage surveys in certain areas of the United States wherein there is insufficient private industry to determine comparable wages or where State and local governments exert a major influence on wage rates.

S. 2650

At the request of Mr. CRANSTON, the Senator from New York (Mr. JAVITS) was added as a cosponsor of S. 2650, the Solar Home Heating and Cooling Demonstration Act.

S. 2657

At the request of Mr. Moss, the Senator from New Mexico (Mr. MONTOYA) was added as a cosponsor of S. 2657, to provide scholarships for the dependent children of public safety officers who are the victims of homicide while performing their official duties, and for other purposes.

S. 2658

At the request of Mr. Moss, the Senator from Arizona (Mr. GOLDWATER) and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 2658, directing the National Aeronautics and Space Administration to provide, in cooperation with other Federal agencies, for the early commercial demonstration of the technology of solar heating and for the early development and commercial demonstration of technology for combined solar heating and cooling.

S. 2782

At the request of Mr. NELSON, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of S. 2782, to establish a National Energy Information System, to authorize the Department of the Interior to undertake an inventory of U.S. energy resources on public lands and elsewhere, and for other purposes.

S. 2784

At the request of Mr. HARTKE, the Senator from Colorado (Mr. DOMINICK) and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of S. 2784, a bill to amend title 38, United States Code, to increase the vocational rehabilitation subsistence allowance, education assistance allowances, and the special training allowances paid to eligible veterans and persons under chapters 31, 34, and 35 of such title; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34 of such title; to improve and expand the veteran-student services program; to establish a veteran's education loan program for veterans eligible for benefits under chapter 34 of such title; to promote the employment of veterans and the wives and widows of certain veterans by improving and expanding the provisions governing the operation of the Veterans' Employment Service and by providing for an action plan for the employment of disabled and Vietnam-era veterans; to make improvements in the educational assistance program; to recodify and expand veterans' reemployment rights; to make improvements in the administration of educational benefits; and for other purposes.

S. 2801

At the request of Mr. PROXMIRE, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 2801, a bill to amend the Federal Food, Drug, and Cosmetic Act to include a definition of food supplements, and for other purposes.

S. 2823

At the request of Mr. CHILES, the Senator from Tennessee (Mr. BROCK) was added as a cosponsor of S. 2823, a bill to amend the Occupational Safety and Health Act of 1970.

S. 2832

At the request of Mr. TAFT, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of S. 2832, the Earned Immunity Act of 1974.

S. 2854

At the request of Mr. CRANSTON, the Senator from Connecticut (Mr. RIBICOFF) and the Senator from Colorado (Mr. DOMINICK) were added as cosponsors of S. 2854, a bill to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolic and Digestive Diseases in order to advance a national attack on arthritis.

S. 2883

At the request of Mr. BIDEN, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of S. 2883, the Fair Credit Reporting Act Amendments of 1974.

S. 2900

At the request of Mr. MONTOYA, the Senator from West Virginia (Mr. RANDOLPH), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Arizona (Mr. FANNIN) were added as cosponsors of S. 2900, to improve the safety of motor vehicle fuel systems.

S. 2932

At the request of Mr. MONTOYA, the Senator from South Dakota (Mr. MCGOVERN), the Senator from Colorado (Mr. HASKELL), the Senator from Indiana (Mr. BAYH), the Senator from Vermont (Mr. STAFFORD), the Senator from Maryland (Mr. MATHIAS), the Senator from Minnesota (Mr. MONDALE), and the Senator from Florida (Mr. CHILES) were added as cosponsors of S. 2932, to amend title 38 of the United States Code to provide that veterans' pension and compensation will not be reduced as a result of certain increases in monthly social security benefits.

S. 2938

At the request of Mr. ROBERT C. BYRD, (for Mr. JACKSON) the Senator from North Dakota (Mr. BURDICK), the Senator from Nevada (Mr. CANNON), the Senator from Kansas (Mr. DOLE), the Senator from Wyoming (Mr. MCGEE), the Senator from Utah (Mr. MOSS), and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of S. 2938, the Indian Health Care Improvement Act.

S. 3006

At the request of Mr. PROXMIRE, the Senator from Rhode Island (Mr. PELL), the Senator from Kentucky (Mr. COOK), the Senator from Wyoming (Mr. HANSEN), and the Senator from Florida (Mr. CHILES) were added as cosponsors of S. 3006, the Fiscal Note Act.

S. 3016

At the request of Mr. BENTSEN, the Senator from Maine (Mr. HATHAWAY) was added as a cosponsor of S. 3016, a bill to provide that an individual, who for December 1973, was entitled to disability benefits under a State program approved under title XIV or XVI of the Social Security Act may be presumed, for purposes of the supplemental security income program, to be disabled, during the first 6 months of 1974.

S. 3024

At the request of Mr. RIBICOFF, the Senator from New Jersey (Mr. CASE) was added as a cosponsor of S. 3024, the Energy Crisis Unemployment Benefits Act of 1974.

S. 3036

At the request of Mr. ABOUREZK, the Senator from Wisconsin (Mr. NELSON) was added as a cosponsor of S. 3036, to protect the public health and welfare by providing for the inspection of imported dairy products and by requiring that such products comply with certain minimum standards for quality and wholesomeness and that the dairy farms on which milk is produced and the plants in which such products are produced meet certain minimum standards of sanitation.

S. 3037

At the request of Mr. STEVENSON, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of S. 3037, the Full Disclosure Act of 1974.

SENATE JOINT RESOLUTION 184

At the request of Mr. MAGNUSON, the Senator from Texas (Mr. TOWER) was added as a cosponsor of Senate Joint Resolution 184, to protect whales and certain other living marine resources.

ADDITIONAL COSPONSORS OF CONCURRENT RESOLUTIONS

SENATE CONCURRENT RESOLUTION 63

At the request of Mr. PERCY, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of Senate Concurrent Resolution 63, to seek new efforts to obtain compliance with the terms of the Paris peace agreement as they apply to prisoners of war and personnel missing in action.

SENATE CONCURRENT RESOLUTION 66

At the request of Mr. PERCY, the Senator from California (Mr. TUNNEY) and the Senator from Delaware (Mr. BIDEN) were added as cosponsors of Senate Concurrent Resolution 66, to urge the release from prison of Simas Kudirka, the Lithuanian seaman.

ADDITIONAL COSPONSOR OF A RESOLUTION

SENATE RESOLUTION 281

At the request of Mr. MANSFIELD, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of Senate Resolution 281, to express the sense of the Senate with respect to the allocation of necessary energy sources to the tourism industry.

DEPARTMENT OF DEFENSE SUPPLEMENTAL APPROPRIATIONS AUTHORIZATION ACT, 1974—AMENDMENT

AMENDMENT NO. 973

(Ordered to be printed and referred to Committee on Armed Services.)

DIEGO GARCIA

Mr. PELL. Mr. President, the United States, with its military forces, dominates every ocean of the world except the Indian Ocean, which has until now remained largely nonmilitarized.

The administration, by its recent proposal to establish a U.S. air and naval base on Diego Garcia in the Indian Ocean apparently is moving to round out American control of the world's oceans, seeking a "Mare Americanum per Mundum"—an American World Ocean.

I believe this proposal to extend our military involvements, commitments and responsibilities into a whole new area of the world would prove costly, unwise, and contrary to our long-range national interests. For that reason I am submitting today, for appropriate reference, an amendment to delete from the supplemental military authorization bill, S. 2999, $29 million for establishing a U.S. air and naval base on Diego Garcia in the Indian Ocean. Euphemistically, the administration refers to the $29 million as needed to improve support facilities there. It is obvious, however, that the objective is the creation of a full-fledged base capable of additional expansion in the future.

The amendment expresses my strong opposition to this U.S. military intrusion into the Indian Ocean. I previously stated (CONGRESSIONAL RECORD, February 7, 1974, p. 2642) my view that this action would not serve American nor any other interests.

Further study of the proposed expenditure, the way it has been put forward, and the reaction among countries in a wide area from India to New Zealand, have only deepened my concern about the expansion of U.S. military involvement into a new and heretofore largely nonmilitarized ocean area. Under these circumstances, I believe it is the duty of Congress not just to speak out, but to use its powers at an early stage to prevent this expansion.

From our experience in Indochina, we know too well the cost of early, easy congressional—and State Department—acquiescence to Pentagon demands. Unquestioning acceptance of Pentagon evaluations has sometimes led us into deep trouble. We must profit from past errors. Our handling of this authorization request for Diego Garcia offers such an opportunity.

Study of the request reveals a familiar pattern of the Pentagon's backdoor approach to Diego Garcia. To establish the initial U.S. installation on the island, described as only a small communications facility, the executive branch obtained an agreement in principle from the British in late 1970. It then asked for and received funds from Congress permitting construction to be well underway before a formal agreement was sent to the Senate in 1972.

This tactic is being repeated now. The British Government revealed on February 5 that agreement in principle had been reached for the United States to expand its facilities on Diego Garcia with the exception that "a formal agreement will be concluded in due course."

But again Congress is being asked to authorize funds for this expansion before any formal agreement is concluded or submitted to Congress. This evasive sequence is a case of putting the cart before the horse—the dinghy before the ship. This time the Congress should not consider the authorization or appropriation of a single penny until it has carefully weighed and approved a formal agreement with the British in accordance with our statutory procedures. To proceed as proposed by the administration in S. 2999 is to abrogate congressional responsibility.

If and when a formal agreement is submitted, much militates against congressional approval. Several years ago, both Congress and the Defense Department leadership rejected Navy development plans for Diego Garcia similar to those now being put forward again.

Now we are told that the possibility of opening the Suez Canal in perhaps 2 years hence, thus increasing Soviet access to the Indian Ocean, combined with the possible termination of U.S. Naval facilities in Bahrain, justifies the immediate construction of an air and naval base on Diego Garcia.

The opening of the Suez Canal would be a welcomed, energy-saving development for the whole world. It would also increase the accessibility of the Indian Ocean to American ships and those of our allies. Why think of it only in terms of Soviet accessibility? Why must our response be an immediate increased American presence in the Indian Ocean to counter only a Soviet possibility? Such premature U.S. action places the blame on us and not on the Soviet Union for disturbing the peace of the area.

Will not this Pavlovian U.S. response stimulate the very Soviet threat we fear and precipitate an escalation in our costly arms race which we both can ill-afford? I am convinced it will.

Certainly alternatives to our proposed catalyzing expansion should be considered. Congress should be as reluctant to close off options as the Pentagon often is—in its opposition to moving ahead with a multilateral treaty to ban the military use of environmental modification, for instance. The administration is pursuing an admirable policy of substituting negotiations for confrontation in other areas. Why not in the Indian Ocean? In the past, the Soviets have been reported willing to consider negotiations to preserve the Indian Ocean from militarization. It would be reasonable to explore this alternative to avoid the confrontation of an escalated naval race there. Both the Soviet Union and the United States share a common objective in maintaining the right of free passage through the Indian Ocean. This objective need not involve an entrenched presence by either side.

Britain is the owner of Diego Garcia and is more indigenous to the area than the United States. Another alternative would be for Britain to expand facilities and make them available to the United States when needed, instead of vice versa as with the current proposal. This would also avoid the cost of building expensive installations on another country's real estate.

In my previous statement, I warned of an unfavorable reaction of countries in the general area to any step which would transform the Indian Ocean from a pacific to an armed sea.

After the announcement of our expansion plans for Diego Garcia, almost immediately an international chorus broke out in protest. This protest was not restricted to countries that might be expected to be most concerned, such as India and Ceylon. It includes the voices of two of our closest allies and friends, Australia and New Zealand, who do not share the executive branch's belief that the construction program will promote the security and stability in their general area.

Over a year ago, the Defense Department stated that:

> The establishment of the Diego Garcia facility (then just a communications facility) does not imply any extension of the United States defense commitment in the Indian Ocean area.

Now the Defense Department states that under the plan to extend the present runway from 8,000 to 12,000 feet, to expand the airfield parking area, to increase bunkering and fuel shortage capacity, to deepen the lagoon to provide an anchorage, to improve existing communication facilities and construct additional personnel quarters, the United States will be assured of a "continued presence of U.S. naval forces in the Indian Ocean," where none exists today. With that presence, which God forbid, would go the requirement to assure the defense of a new target of opportunity in the event of hostilities. And so up would go our overseas defense commitment. And up would go the bill for the American taxpayer, with the expectation of even bigger bills in the future.

I hope that the request for the $29 million for Diego Garcia will not reach the floor of the Senate. But if it does, I believe the Senate should reject it. That is why I am now substituting an amendment to delete the authorization for that sum from S. 2999. I think that the reasons I have outlined as to why this should be done are compelling.

Mr. President, I ask unanimous consent that the text of my amendment to S. 2999 be printed in the RECORD.

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

AMENDMENT NO. 973

On page 3, beginning with line 6, strike out all down through line 13. Renumber sections 302 and 303 as sections 301 and 302, respectively.

FEDERAL ACT TO CONTROL EXPENDITURES AND ESTABLISH NATIONAL PRIORITIES—AMENDMENT

AMENDMENT NO. 974

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

Mr. CHILES submitted an amendment, intended to be proposed by him, to the bill (S. 1541) to provide for the reform of congressional procedures with respect to the enactment of fiscal measures; to provide ceilings on Federal expenditures and the national debt; to create a budget committee in each House; to create a congressional office of the budget; and for other purposes.

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 542

At the request of Mr. RIBICOFF, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of amendment No. 542 intended to be proposed to the bill (H.R. 3153), the Social Security Amendments of 1974.

NOTICE OF HEARINGS ON DISASTER RELIEF ACT AMENDMENTS OF 1974

Mr. BURDICK. Mr. President, I wish to inform my colleagues and all interested parties that the Subcommittee on Disaster Relief of the Public Works Committee has scheduled hearings on Wednesday, March 6, on legislation I have introduced today, the Disaster Relief Act Amendments of 1974. The hearings will begin at 9:30 a.m. in room 4200, Dirksen Senate Office Building. Those interested in appearing before the subcommittee or submitting statements pertaining to this legislation should contact subcommittee staff as soon as possible at extension 58427.

HEARING ANNOUNCEMENT ON S. 3020

Mr. JACKSON. Mr. President, I wish to announce a hearing by the Public Lands Subcommittee of the Interior and Insular Affairs Committee on S. 3020, a bill to designate certain lands in the National Key Deer Refuge, Great White Heron National Wildlife Refuge, and the Key West National Wildlife Refuge, Monroe County, Fla., as wilderness.

This bill is in addition to public land bills previously announced.

The hearing will be held on March 19, 1974 at 10 a.m. in room 3110, Dirksen Senate Office Building. Those who wish to testify or submit a statement for inclusion in the hearing record should contact Steven P. Quarles, Special Counsel to the committee, at 225–2656.

NOTICE OF HEARING ON NOMINATIONS

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, March 5, 1974, at 9:30 a.m., in room 2228, Dirksen Office Building, on the following nominations:

Carla Anderson Hills, of California, to be Assistant Attorney General, vice Harlington Wood, Jr., resigned (Civil Division).

Thomas E. Stagg, Jr., of Louisiana, to be U.S. District Judge for the Western District of Louisiana, vice Benjamin C. Dawkins, retired.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

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 CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Hosea M. Ray, of Mississippi, to be U.S. attorney for the northern district of Mississippi, for the term of 4 years. (Reappointment.)

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Tuesday, March 5, 1974, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

ADDITIONAL STATEMENTS

THE PRESIDENT'S PAY PROPOSAL

Mr. McGEE. Mr. President, in attempting to weigh the merits of the President's recommendations on executive, legislative, and judicial salaries, I have as chairman of the Post Office and Civil Service Committee, solicited the informed views of a number of our Government's top officials in all branches. I have received responses from the Chief Justice of the United States, as well as from retired Justice Tom C. Clark.

All Senators, I believe, should have access to the thoughts of these distinguished jurists.

Justice Clark, who, in his letter to me as chairman of the committee, discusses some of the recent cases of judges who have chosen to step down from the bench for financial reasons, writes of his distress at hearing Federal judges speak of the difficulty they have in making ends meet.

Justice Clark adds:

In my judgment we will lose a good percentage of our Judges unless some steps are taken to correct the situation by meaningful salary increases. I concur wholeheartedly in the letter that the Chief Justice is sending you today regarding this matter and write only to underscore the urgency of the problem.

Mr. President, the Chief Justice's letter should speak for itself in this matter, so I ask unanimous consent that it be printed in the RECORD.

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

SUPREME COURT OF THE UNITED STATES,
Washington, D.C., February 25, 1974.

DEAR SENATOR MCGEE: I have your letter of February 19 advising that, as Chairman of the Post Office and Civil Service Committee, you intend to oppose any action disapproving the President's proposal on salary increases for the Federal Judiciary and other categories and asking my views on this matter.

Although the recommendation departs substantially from the recommendations of the Commission on Executive, Legislative and Judicial salaries, my colleagues on this Court and I agree with your position that the President's proposal should be accepted. One of its important consequences will be to encourage judges in the District Courts and Courts of Appeals to remain in service even though the pending proposal is patently discriminatory against those judges when compared with approximately one-third increase in government salaries generally since the 1969 salary adjustment for Federal judges. Adoption of the President's proposal may help stem the resignations of District Judges in particular. We have had more resignations in the past year, based on economic grounds, than at any time in the past 100 years. I am also reliably informed that many qualified lawyers have declined appointment because the pay of a District Judge now is only double the starting salary of law graduates hired by large law offices. It is surely not in the public interest to have some of the best qualified lawyers resigning or declining appointment because of inequitable and inadequate compensation.

I feel bound to comment also on the increase provided for the Associate Justice of the Supreme Court which is limited to $4,500 and is deferred nearly one year. This increase of $4,500 is less than one-half the increase provided over three years for Court of Appeals judges and Members of Congress.

Notwithstanding that the pending proposal fails to take into account the severe inflation of recent years and fails to give due weight to the studies and recommendations of the Commission, its adoption will serve as an important interim function until appropriate legislation can be enacted.

Cordially,

WARREN E. BURGER.

THE POLITICAL SCENE—ADDRESS BY REPRESENTATIVE JOHN J. RHODES

Mr. HUGH SCOTT. Mr. President, the distinguished House Republican leader, JOHN RHODES, recently addressed the National Press Club. I believe his remarks to be a candid and realistic assessment of the current political scene. Therefore, I ask unanimous consent to print this speech in the RECORD.

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

REALISTIC PROSPECTS FOR THE REPUBLICAN PARTY IN THE YEAR OF WATERGATE

(Speech by the Honorable JOHN J. RHODES)

Ladies and gentlemen, it is indeed an honor for me to address such a distinguished group of journalists. In the two and one-half months since my election as House Republican Leader, I have had the pleasure of meeting many of you personally for the first time and have enjoyed the experience.

I am particularly grateful to your new President, Clyde LaMotte, for having extended this invitation to me. He has some rather large shoes to fill in replacing Don Larrabee as President . . . but I understand he is showing every indication of being up to the task.

I have some rather large shoes to fill also. Gerry Ford was one of the most capable House Leaders of this century—energetic, accessible, and open-minded. These qualities have already made him an effective Vice President.

Moving into Gerry's office in the Capitol was quite an experience. It was the first time I had ever seen the Boy Scout oath carved into a mirror. I suppose I can use the 14 cases of "Mr. Clean" detergent he left behind. But what am I supposed to do with 37 scratch pads that have "1600 Pennsylvania Avenue" written all over them?

As the new House Republican Leader, I intend to attempt the impossible—namely,

to outdo my predecessor in terms of energy. Last week, I was fortunate to have been able to speak on behalf of six Republican candidates in five states.

This schedule will be accelerated in the coming months. Thomas Edison once said that "genius is one percent inspiration and ninety-nine percent perspiration." So I intend to do my best to qualify as a "genius" in the upcoming campaigns.

No one can predict with any certainty what the voters will or will not do some eight months before an election. Public opinion polls have an interesting history of reversing themselves before Election Day. The Democrats are fond of reminding us that this is so. They point to the dramatic come-from-behind victory of Harry Truman as an example.

I like to recall 1965, when only one-third of the people said they would vote Republican. But a funny thing happened on the way to the polls the next November. We picked up 47 seats.

I do not know for sure what will happen this November. But this I can categorically state before you without the slightest hesitation—1974 does not have to be the disastrous political year for Republicans that many people proclaim it will. Let me tell you why . . .

The branch of government up for judgment before the American people in November is not the Republican Executive. It is the Democratic Congress. And the Congress is in pretty bad shape.

Finding fault with the Legislative Branch has long been a favorite American past-time. When he was Chaplain of the U.S. Senate, Edward Everett Hale was once asked: "Do you pray for the Senators?" "No," he replied, "when I see the Senators, I pray for the country."

More recently, I asked the Library of Congress to provide me with some quotations from the founding fathers in praise of Congress. After several days, they sent me *one* vaguely flattering quotation from Thomas Jefferson with a cover note explaining that even the founding fathers did not hold Congress in too high regard.

In Sherman Edwards' imaginative musical, "1776," John Adams laments:

> . . . a catastrophic earthquake
> I'd accept with some despair.
> But Lord—You sent us Congress.
> Good God, Sir, was that fair?

Congress is in trouble and the American people know it. The latest Harris Poll substantiates this fact—only 21% of the American people are satisfied with the job Congress is doing. They say that garbagemen and used car salesmen deserve more respect than their elected representatives. And with some reason.

Consider how "the sapless branch" (as former Pennsylvania Senator Joe Clark referred to the Congress) goes about the business of spending the taxpayers' money. Every year, Congress blindly appropriates bill after bill, with no regard for either where that money is to come from or overall spending priorities. At the end of the year, Congress registers surprise when spending goes through the roof, and quite often then imposes a spending ceiling on the Executive. The ludicrous cycle is then completed when the Congress complains bitterly because the Executive impounds funds in order to stay within *their* spending limit. Then they return home every other year to lament "big spending" when they know full well that they never made the effort to create a system through which spending can be rationally controlled.

The challenge of the 93rd Congress will be to correct this. Legislation has already passed in the House which includes the essential recommendations of the special Joint Committee on Budget Control. That legislation is now in the Senate. I hope it will be adopted soon.

Another fundamental problem area for the Congress is the committee system. The present system of committee jurisdictions was devised in the late 1940's, and has not been changed since. How can the Congress hope to solve the major problems of the '70s with a system of committees that was devised in the late '40s?

There is hope this year that this problem, too, can be solved. The report of the Select Committee on Committees—chaired by Congressman Richard Bolling—is a work of monumental dimension. I hope most of it will be translated into sound legislation soon.

During the past forty years, Congress has served as little more than a glorified echo chamber for the Executive Branch—usually content to approve or disapprove; rarely willing to initiate anything.

When I was elected Minority Leader, I made the observation that Pennsylvania Avenue should be a two-way street. I believe that Members of Congress should insert themselves into the legislative equation before a message reaches the Hill. I intend to work to see that this happens.

I also said that the lack of Congressional input into policymaking is not the fault of the Executive. He, after all, has merely filled a Congressionally-created void that needed to be filled. The ultimate responsibility for the Congressional sterility that led 69% of the American people to give Congress a negative rating must be assumed by Congress itself. For the Congress has stood apathetically by while its influence has melted over the years, without lifting a finger to counteract the trend.

So Congress will be hard pressed to justify itself to the American voters in November. And the bottom line to this has to be the question: Who controls the Congress?

Answer: The Democrats.

As one of your colleagues, William S. White, observed just last week: "If the presidency under the Republicans is in disrepute, the Congress under the Democrats is even more so."

No investigation is necessary to conclude that the Congress is in disrepute.

And the question for the voters this November is not which party is best fit to run the Executive Branch—that one is for two years from now. This November, the question is which party is best equipped to run the Congress?

So let's take a look at the Legislative Branch under the Democrats. They have had iron-bound control for the past twenty years, shaping—or mis-shaping all of the legislation that went to the various Presidents. And their performance has been less than inspiring.

We need look no further than the energy crisis to point to a clear example. The Democrat-run Congress has yet to produce the emergency energy bill, some of which is vital to coping with the energy crisis. They first muffed it in December. They couldn't get together in January.

No production by Congress could continue long lines at the gas station for motorists. The Democrats just can't seem to settle their internal squabbling in the public interest long enough to see vital legislation through.

Practically every committee in Congress is trying to get a piece of the energy action. No less than 25 committees and sub-committees are in the process of holding hearings. What kind of hard-hitting, coordinated, do-the-job legislation can be expected from this jig-saw puzzle approach? Inevitably, the man on the street suffers—but the blame for his suffering lies squarely on the majority leadership of Congress.

The list of Congressionally-inspired problems is almost endless. If the Nation's 300,000 pension plans are a hodge-podge of ineffective and often tragically under-funded programs, who sat around for 20 years watching and doing nothing? In fact, it was a Republican President who called attention to the pension mess. Yesterday, the House Republican Policy Committee finalized a statement in support of pension reform legislation. No bill has yet been passed, although two of them will be considered next week. I will predict—and I hope I'm wrong—that this vital issue will also be left unresolved, because of bickering and jurisdictional strife between two House Committees.

Two years ago, the Education and Labor Committee decided to look into the pension situation. They set up a Task Force to study pension plans. This angered Ways and Means Committee Members. They in turn began work on their own bill. This past month we have been in a hassle trying to keep these two committees from committing internecine warfare on the House Floor.

Consider another example of how petty jurisdictional disputes prevent progress. When they couldn't have their own way on the Fair Labor Standards Act—better known to us all as the minimum wage bill—the Democratic Leaders refused to act at all. The President vetoed a bill that he felt was unreasonable. Was there any attempt at compromise? Not at all. The result was that millions of workers were denied the chance to earn higher wages—all because the Democratic leadership could not see its way clear to enact a sound, sensible bill that would protect the right of teen-agers to work.

The Democrats, I have noticed, are fond of talking about "the little man." We hear him mentioned prominently at campaign time. Ironically, it is the little man who suffers most from the lack of leadership in the Congress. The Democrats talk a good game for the working man. But they just do not produce.

If our mass transit systems fall far short of providing adequate transportation, who was it that sat on their hands for 20 years while rolling stock, roadbeds and service deteriorated? It is also ironic that the Democrats hold the vast majority of urban area seats in Congressional areas now hard-hit by the lack of transit foresight.

If some people do not pay enough taxes—if there are loopholes—if the tax structure is hopelessly complex—who is responsible? Who has raised taxes 14 times since 1900, thus fulfilling the dour forecast of the late Senator Harry Byrd who said 50 years ago that these taxes would become an onerous burden on the common man?

If it is true that power has flowed too freely to Washington, reducing the states to a network of vassals of an all-powerful centralized Federal Government, who was it that established the alphabet soup agencies, split functions into dozens of programs, preempted the major sources of tax revenue, and then cracked the whip to make localities jump to secure grants and loans?

If the welfare system grew from a humanitarian program of assistance to a way of life—who was it that enacted the vague laws, committed huge sums, and failed to supervise the program?

The examples are many. I am talking about accountability. We hear this word often, particularly in reference to Watergate. Who is accountable for the lack of Congressional relevance over the years? It is the party that has controlled the Congress.

Twenty years is a long time to control things, yet for 20 years we have had Democratic control of Congress. We feel that this is a reasonable time period in which to prove ability on Capitol Hill. We feel it is time for a change—new directions, new ideas, and the vigor and vitality needed to produce for the American people.

And so we intend not to turn to the de-

fensive in this "year of Watergate." And why should we? The official Republican Party had nothing whatsoever to do with the disgraceful abuses that took place in 1972. We intend to take the offensive. We are going into every District to tell the people that the only way they can get Congress off dead center is to change the guard—break up the old crony club. We are going to take the Democratic Party's Congressional record to the people and make their candidates wear it around their necks during the campaign.

As a practical matter, we are not exempting any Democrats from this effort. I happen to know a lot of Democrats in the Congress, many of whom I respect and like a great deal. But they are inhibited by a rigid party machinery that literally controls their caucuses. Often times they are forced to support Party positions that may be at complete odds with their personal moral code, or philosophy towards Government. The penalty for individual integrity for Congressional Democrats is frequently loss of party seniority and privilege. The Republican Conference, on the other hand, does not bind its members to any position or point-of-view.

Politics being what it is, the Democrats will try to shift the focus elsewhere. We won't let it happen—not without a fight. Elections for seats in the United States Congress should not be "referendums" for anything, except for first, which candidate is best qualified and second, which party should control Congress.

In fact, the question of who controls Congress is so important this year that it may even outweigh the personal qualifications of the individual candidate. This is why we will be talking about the Democratic failures in Congress. This is why we will "pin the tail on the donkey."

I would be less than honest with you if I tried to contend that 1974 does not present unusual problems for the GOP. I do not minimize the difficulties we face as a party. Republicans will have to fight like tigers to make their case to the American people. And any Republican who is not scared in this political year—indeed, any incumbent of either party who is not scared—does not understand what this political year is all about.

I am suggesting that a case for Republicans can easily be made this fall. I have always believed that during non-Presidential elections, the focus of the parties should be directed towards Congress. That, coupled with the signs of strength that we see emerging on Capitol Hill, may serve to create in effect a "Congressional Republican Party." That would suit me fine. Because I feel that the Republican Members of the Congress are an extremely able group of individuals. If these Members can present to the voters of the Nation an image of a united front—of a group of highly motivated people who know where they want to go and, more importantly, how to get there, then we may surprise everyone come November.

Some think I'm too optimistic. Columnist William F. Buckley recently suggested that I am playing "Knute Rockne to the Republican Party." I recall that the great Notre Dame coach is best remembered for this philosophy:

"When the going gets tough, the tough get going."

The Republican Party is tough, and we intend to prove it once again. We must be tough and we must be sensible. On the impeachment question, every Member must vote according to his or her conscience. Party position should not be a factor. We must all weigh the evidence, then do the right thing—that is what I intend to do.

That the American voters are capable and willing to cast their votes on the basis of extra-Watergate issues—and what the Congress has or has not done to solve these issues—is reasonable to expect from an informed and sophisticated electorate.

I have traveled quite widely around the country. The people are tired of Watergate. They remain concerned. They want to see it resolved. But they are of the opinion that Watergate has inhibited the effectiveness of their government. And they are correct.

The answer for Republicans in 1974 is to remain responsible on all the Watergate-related issues; to remain committed to seeing the matter proceed to a vote in the House of Representatives or in the House Judiciary Committee—and then to address the other genuine issues of concern to the American people—an energy crisis that won't go away, an ever-growing Federal bureaucracy, and the wide range of localized issues that always dictate, to a large extent, the outcome of any election.

The Republican Party—in the year of Watergate and beyond—will strive to be honest with the American people and outline what needs to be done in order to solve the Nation's problems. That would seem to me to be a pretty effective political strategy for any year.

Thank you.

THOUGHTS IN THE GAS LINE

Mr. McINTYRE. Mr. President, according to the daily press most people waiting in the ever lengthening gas lines do not have very constructive or pleasant thoughts.

But, if they do have the chance while in the line to consider what they are doing there they might want to read Tom Wicker's column which appeared recently in the Washington Star-News.

Wicker asks where we should put the blame for the lines? He replies:

Maybe there is enough blame to go around. The oil companies, their political lackeys, the Nixon administration, its predecessors, the various state governors and agencies—take your pick the next time you wait in line two hours for a $3.00 purchase of 53-cent gas. You can hardly go wrong, especially if you start from the top.

Mr. President, I ask unanimous consent that these interesting thoughts by Tom Wicker be printed in the RECORD.

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

[From the Washington Star-News]

THOUGHTS IN THE GAS LINE

(By Tom Wicker)

NEW YORK.—From Page One of the New York Times of Feb. 13: "The Gulf Oil Corp. yesterday announced operating results for 1973. The report indicated a 153 percent gain in fourth-quarter earnings . . . a fourth-quarter profit of $230 million, compared with $91 million in the 1972 quarter."

From an advertisement by the Gulf Oil Corp. on Page 19 of the same issue of the Times: "There is no digit on earth less pertinent to the solution of the energy crisis than 'the pointing finger.' If there is blame, there is certainly enough to go around . . . After all, a helping hand is a far more productive tool than any number of pointing fingers. To find energy, find facts—not fault."

Baloney. "If there is blame," and there certainly is, it lies only marginally on the hapless driver of the great American gas-guzzler or the housewife-consumer of electricity, both victims of relentless advertising, and neither of whom failed to build sufficient refinery capacity when it obviously was needed, or managed a 153 percent gain in quarterly profits in one year, or lobbied for oil import quotas to "protect" the American market from 1959 to 1973, or gets a depletion allowance to help explore for oil.

And if, as the Gulf ad urges, we are to reach a sensible national energy policy (naturally, Gulf tells us, with the "expertise of private industry, aided and abetted by government" and "free market pricing and fair profit"), the fact is that quite a bit of fault will have to be found with the present chaotic situation, events leading to it, and those responsible for them.

To begin with, and whatever the effect on newspaper and television profits, I, for one, point the finger of fault at pious, self-serving, devious, mealy-mouthed, self-exculpating, holier-than-thou, positively sickening oil company advertisements in which these international behemoths depict themselves as poverty-stricken paragons of virtue embattled against a greedy and ignorant world.

Did you realize, before some of these ads suggested it, that the real purpose of ocean exploration for oil deposits in fact is to protect the fish of the sea? No profit in that. And did you understand that after some unnamed villain causes a horrid oil spill somewhere, your public-spirited local oil company bankrupts itself buying bales of hay to soak up all that nasty oil on the beach?

But this is a relatively insignificant if satisfying point of fault. There are at least four other areas in which the finger—like Dr. Strangelove's arm—can hardly be stopped from rising:

Oil Company Profits: Gulf, in this regard, is a relative piker. Exxon recently announced the largest annual profit ever earned by any industrial company—$2.4 billion after taxes. The others of the so-called "Seven Sisters" are doing just fine, too. No one, we are advised in those ads, should begrudge them these windfalls, since in preceding years oil company profitability was down. But it still has to be asked: Isn't there an undeserved reward here for the companies' lack of foresight and unwillingness to take the kind of risks they are forever extolling? And what is to be done with those newfound profits?

The Environment: In its Feb. 13 ad, Gulf called for development of a strong national energy policy, "without either destroying the environment or babying it to death." Aside from the question of where the environment of this sad planet ever was babied to death rather than being destroyed by predator industries and developers, the fact is that the oil shortage so far has resulted in authorization of the Alaska pipeline, and the companies' improved ability to circumvent environmentalist restrictions on offshore drilling and processing oil shale.

Regulation: Gasoline fuels the most dominant mode of transportation in the United States; 87 percent of the population went to work by automobile in 1970, as against only 80 percent in 1963. Yet, trains, planes, buses, and the power companies, are regulated as public utilities, while the oil producers are not. They are so unregulated that the government does not know for sure how much oil is produced, on hand, in reserve, imported, or refined.

The Current Shortage: Does Gulf or anyone else seriously propose that no finger of blame should be pointed at anyone for the present situation in which vitally needed gasoline is so unevenly available around the nation, at such steep prices, under a system that no one seems to be administering effectively, and in which differences from state to state, in both availability and the regulation of sales, harass retailer and consumer alike and mock the very idea of equity?

So, come to think of it, maybe there is enough blame to go around. The oil companies, their political lackeys, the Nixon administration, its predecessors, the various

state governors and agencies—take your pick the next time you wait in line two hours for a $3 purchase of 53-cent gas. You can hardly go wrong, especially if you start from the top.

LESSONS OF LINCOLN

Mr. RIBICOFF. Mr. President, on February 6 I had the pleasure of introducing my distinguished colleague from New Hampshire (Mr. McINTYRE) at the annual Lincoln Day dinner of the Catholic Club at Darien, Conn.

Senator McINTYRE, in one of the most timely speeches I have heard, spoke of the lessons we can learn from President Lincoln in this modern age and the need for more humility in politics.

I ask unanimous consent that Senator McINTYRE's remarks be printed in the RECORD.

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

REMARKS BY SENATOR McINTYRE

Senator Ribicoff, President Flaherty, Reverend Fathers, officers and members of the Catholic Club, guests and friends: This being your annual Lincoln Day Banquet, I intend to draw upon the character of the man we are honoring by arguing the case for more humility in politics.

Watergate happened during a Republican Administration. There is simply no denying that fact.

Nor is there any way it can be dismissed as "politics as usual." It was not, It differed so much in degree from, "politicis as usual" that it actually differed in kind. And there is no denying that.

One look at the growing list of people whose lives were ruined by its taint—people at the very highest level of office and esteem—should convince anyone that the dimensions of this scandal are unprecedented.

Moreover, it isn't finished yet. Almost certainly there are more revelations to come—and agonizing days ahead.

But just as I believe it is a great disservice to the Nation to attempt to minimize the horrors of Watergate, I believe it would be equally as great a disservice to make it a partisan political issue!

I say this, my friends, not to curry favor with the Republicans in this audience. I feel no need to do that. I say it because I sincerely believe that the seeds of Watergate were sown long before the Nixon Administration and conceivably could have flowered in any Administration deluded by its own sense of power and authority.

I believe those seeds were sown in ground fertilized and cultivated by an overabundance of political money—money from the wrong sources, money with strings attached to a promissory note from the recipient—and by an unhealthy awe of the men who became President!

Money in politics is a speech in itself, so let me confine my observations tonight to that "unhealthy awe of Presidents" . . . an awe that would have been rejected out of hand by men like Abraham Lincoln and Thomas Jefferson.

Some of you may recall the difficulty our Founding Fathers had in coming up with an appropriate title for the leader of our newborn Republic.

"Your highness," "Your excellency," "Your grace" were all thrown out. Not only were they bitterly remindful of the crown we had just escaped, but they sounded an alien note in a egalitarian society.

So they settled on the homely title: "Mr. President." An eloquently simple term to make it unmistakably clear that our elected leader was a citizen such as we—a man to be treated under the law exactly as his fellow countrymen—a man, in short, who put his trousers on one leg at a time.

Now let me ask you this, my friends: Think back as far as you can and consider just how many Presidents really fit that humble title of Mister.

In our time, perhaps Harry Truman. And before that? Jefferson, surely, despite his culture, wealth and privilege.

But above all, Lincoln.

So let us consider Lincoln tonight in the context of modern America's concept of the Presidency.

I'm not sure when it all began, but surely the public attitude toward the man in the office was transformed by Franklin Roosevelt. Anyone who lived through that era knows how his confidence and charisma not only lifted hearts and spirits—but made them his—through four elections.

Suddenly the President was, indeed bigger than life . . . and with the temporary exception of the Man from Missouri who followed Roosevelt . . . the pattern was set.

Eisenhower, the father figure who could do no wrong. Kennedy and the romance of Camelot. Johnson, who collected and wielded unprecedented power.

With each the "unhealthy awe" grew. Grew not only among the people—but more importantly, among the people closest to the President.

And thus the seeds of Watergate were sown.

For in a climate where the President's closest aides come themselves, to believe that only their man can run the Nation, only their man can be trusted with the people's destiny . . . it becomes all too easy to abuse power and subvert the public trust . . . to accept illegal contributions, to launder the money and use it to finance burglaries and wiretaps and safecracking, to conjure up enemy lists, and harass those on the list, to spend and withhold government funds to political advantage . . . and to justify it all in the name of national security or the misbegotten excuse that it was done for the good of the people . . . or to hide it behind the cloak of executive privilege.

Who can forget Mr. Colson's assertion that he would walk on his grandmother's grave to re-elect the President, or John Mitchell saying the President's re-election was far more important than getting at the truth about Watergate during the summer of 1972?

In this climate, the leader is elevated to splendid isolation by sycophants who slowly but surely close off his access to statesmen and the people's access to him!

And in this climate—so grossly burlesqued a few years ago when White House guards in comic opera uniforms blew six-foot trumpets to Hail the Chief—that humble title Mr. President becomes a mockery.

And then, under the siege of Watergate, the White House drew further and further in upon itself, until at last, it became a citadel surrounded, in the minds of the leader and sycophants within, by enemies on all sides—the press, liberals, democrats, critical Republicans—by anyone who was not satisfied by the grudging answers coming from behind the moat.

Tell me, my friends, could this have happened under Abraham Lincoln?

All those sycophants who elevated Franklin Roosevelt, Dwight Eisenhower, John F. Kennedy, Lyndon Johnson or Richard Nixon to the rank of unquestioned deity, might well have heeded these words by Lincoln:

"Men are not flattered by being shown that there has been a difference of purpose between the Almighty and them. To deny it, however, is to deny that there is a God governing the world. It is a truth which I thought needed to be told, and, because whatever humiliation there is in it falls most directly on myself, I thought others might afford for me to tell it."

All those Presidents who came to believe in their own omnipotence—including the President who last fall said *"I've got what it takes"*—might better have said what Lincoln said: *"I claim not to have controlled events, but confess plainly that events have controlled me."*

And for all those who spied on, eavesdropped and poked in the mail of their fellow Americans because they had no *faith* in their fellow Americans, I would recommend these words by Lincoln:

"It has long been a grave question whether any government, not too strong for the liberties of its people, can be strong enough to maintain its existence in great emergencies."

For those in this Administration, as well as those before them, *who become paranoid about criticism,* hear these words by Lincoln:

"If I were to try to read, much less answer, all the attacks made on me, this shop might as well be closed for any other business. I do the very best I know how—the very best I can; and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end bears me out wrong, ten angels swearing I was right would make no difference."

For those who have said one thing, only to change it and say another, only to change that and say still another, and finally to declare all previous words *"inoperative"* Lincoln had this to say:

"If there ever could be a proper time for mere catch arguments, that time surely is not now. In times like the present, men should utter nothing for which they would not willingly be responsible through time and in eternity."

And finally, for all those who paid lipservice to turning Watergate over to the courts and then threw every conceivable *stall* and *roadblock* in the way of process hear these words by Lincoln:

"Why should there not be patient confidence in the ultimate justice of the people? Is there any better or equal hope in the world?"

On another occasion he said:

"Truth is generally the best vindication against slander."

And he lived up to his words.

How refreshing in these days of tugging and hauling between the Executive and the Legislative branches of government to recall how Lincoln handled the problem of a Senate committee looking into a rumored link between Mrs. Lincoln and the Confederates.

The President of the United States suddenly appeared at the Committee room, walked in, took the witness chair, denied the rumors and returned to the White House.

Was this a sign of weakness—or of strength?

Was this a demeaning experience for a President—or was it the forthright action of a man whose title was mister and who claimed no higher privilege under the law than his fellow countrymen?

To be humble is not to be weak. To be humble is to be strong. For it takes strength to admit to one's own fallibilities. And Lincoln never forgot that he was human—and fallible.

Nor did he forget the fallibility of all mankind.

"Human nature," he said, "will not change. In any future great national trial, compared with the men of this, we shall have as weak and as strong, as silly and as wise, as bad and as good."

We need his kind again. We need a humble President. This is a torn and divided, bitterly troubled nation that further arrogance will wound anew, and only humility can heal.

I do not pretend to know what is going to happen next in President Nixon's ongoing ordeal.

I do not know if the good of the nation would be served by his resignation.

I do not know if there is evidence enough to impeach or to convict.

I sincerely hope that neither must come to pass.

But with equal sincerity, I would hope that the President abandons his hard-line defense and replaces it with conciliatory humility.

Lincoln said,

"If you once forfeit the confidence of your fellow citizens you can never regain their respect and esteem"—unquote.

Mr. Nixon's ratings in the polls are at an all time low. But is it too late to turn them around? I don't know. But I think if I were Mr. Nixon I would consider something else Abraham Lincoln once said:

"I shall try to correct errors when shown to be errors, and I shall adopt new views so fast as they appear to be true views."

I have a feeling that the American people yearn to regain their trust in their President.

I have a feeling that all it might take is for Mr. Nixon to adopt "new views"—to return to "Operation Candor without restrictions; to voluntarily testify before a grand jury. To cooperate fully with the House impeachment inquiry, to release the tapes and memoranda he claims prove his non-involvement; in short, to make full disclosure.

The Nation will survive no matter what.

But the healing process cannot begin until the President voluntarily releases all the facts or impeachment forces their release.

I pray for the President to take the disclosure initiative, for that would speed the healing. . . and get America moving again.

I would conclude now with a final quote from the man we honor tonight, a quote that seems to sum up much of what I've tried to say:

On September 30, 1859, Lincoln addressed the Wisconsin State Agricultural Society, and in that address he said this:

"An Eastern monarch once charged his wise men to invent him a sentence to be ever in view, and which should be true and appropriate in all times and situations. They presented him the words: 'And this, too, shall pass away.'

"How much it expresses!" Lincoln continued. "How chastening in the hour of pride! How consoling in the depths of affliction! . . . And yet, let us hope, it is not quite true.

"Let us hope, rather," he concluded, "that by the best cultivation of the physical world beneath and around us, and the best intellectual and moral world wtihin us, we shall secure an individual, social, and political prosperity and happiness, whose course shall be onward and upward, and which, while the earth endures, shall not pass away."

PHOTOGRAPHER BAKER

Mr. BROCK. Mr. President, we all know my distinguished colleague from Tennessee, Senator BAKER, as a remarkably effective legislator. But this past month another of Senator BAKER's talents drew national attention in the pages of Popular Photography. An article written by LaRue F. Zancker, which accompanies a number of the Senator's photographs, explains that he has been "hooked" on taking and developing pictures since he was 12 years old.

The article also mentions one talent Senator BAKER will not become noted for. While plans for two darkrooms were drafted by the Senator, he confesses that the actual carpentry work was done by professionals, explaining:

I am the world's worst carpenter. I can look at a hammer and suffer and sustain grievous injury.

That is probably true, but it in no way diminishes his genius with a camera. Although proof of the Senator's photographic talents cannot become a part of the RECORD, I would ask unanimous consent that the article about them be printed.

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

HOWARD BAKER OF TENNESSEE—OCCUPATION: SENATOR—PREOCCUPATION: PHOTOGRAPHY

(By LaRue F. Zancker)

Senator Howard Baker's youthful good looks and boyish grin made him a popular subject of television cameramen and photographers during the recent Watergate hearings. Yet, the Senator is more at home *behind* a camera than in front of one. From the time he developed his first picture in a makeshift darkroom at his Huntsville, Tn., home when he was 12 years old, Howard Baker has been "hooked" on photography. He recalls the incident as the beginning of his love for photography: "I took an old negative, printed it and ran it through the developer. When the image started coming up, it was the biggest thrill of my life. I yanked out the print and ran through the house showing it to everyone." From that time on, Howard Henry Baker found the outlet for his interests in his new-found hobby, bypassing the usual boyish enthusiasm for sports or camping in favor of the exhilaration of seeing his work take shape in the more permanent darkroom he set up in the family basement.

Today, the Senator's staff members jokingly refer to politics as his hobby and photography as Senator Baker's real profession. "They may just be right," the soft-spoken Senior Senator from Tennessee admits. But his fellow Tennesseeans and television viewers across the nation are coming to believe that Baker is doing very well at his "hobby" of politics. Howard Baker comes from a family deeply committed to public service. Senator Baker's father served 13 years in Congress until his death in 1964, when his wife (the Senator's mother) was chosen to fill his unexpired term.

Senator Baker's wife, Joy, is the only daughter of the late Senator Everett Dirksen. Baker has the distinction of being the first popularly elected Republican Senator from the state of Tennessee, in 1972 sweeping more than 65 percent of Tennessee's young people and 35 percent of the state's traditionally Democratic vote.

Recently, Senator Baker played an important role in landmark legislation which broadens the ways in which the Highway Trust Fund can be used, thereby giving extra impetus to saving the environment. Because of his deep concern with ecology and pollution control, Senator Baker has become known as one of the Senate's foremost environmentalists.

This love of the land is part of Howard Bakers' heritage from the tiny Cumberland Mountains community of Huntsville, where there have been Bakers for many generations. Howard Baker's interest in photography is enhanced by a beautiful natural setting surrounding his home in Huntsville, which has provided many of the subjects he photographs. Yet, Senator Baker is quick to state that he is a "people" photographer, and his many outdoor pictures almost invariably have a person as the focal point of the composition. Of all his photos, the one he likes best is a stark, snowy scene, shot some years ago, showing his son Derek making his way up a hill with his sled. "The loneliness of that scene has always appealed to me," Senator Baker states, when naming the print as his favorite. Today, Derek is developing into a fine photographer, too. There is much good-natured banter between the Senator and his tall, 20-year-old son. They frequently compare cameras, with Derek staunchly defending his inexpensive Japanese model, while his father proclaims the virtues of the Leica M3 he favors. "Derek has a keener eye for photography than I ever had," the Senator states with fatherly pride. "And he's done everything on his own." Derek, on the other hand, credits his father with having inspired his interest in photography.

The Senator does admit that the darkroom at his Washington residence is an outgrowth of Derek's interest in photography. "I really bought some of the equipment for speeding up processing in that darkroom when Derek was printing pictures for his high school yearbook at St. Albans, and was printing pictures when he should have been studying," the Senator reminisces with a chuckle. "That was when I bought an automatic processor for color work," he recalls.

Senator Baker also maintains a darkroom at his Huntsville home—still in the basement until his current residence was built. That one is principally for black-and-white work, while the darkroom in his Washington home is outfitted for color work. The Huntsville darkroom has an accumulation of equipment which the Senator has put together over a period of 30 years. He still relies on an old Kodak Precision A enlarger, which he bought in 1946, and he calls it the "best piece of machinery" he owns. There is nothing fancy about the Washington darkroom either, but the Senator cares more about producing quality prints than about what model equipment he uses. He uses an old D–2 Omega enlarger, with a new dichroic head, a model 16 drum, a thermostatic mixer for water, and the usual range of timers and electronic stabilization equipment.

The darkroom is very much the Senator's own work. He drafted the plans himself, but demurred when it came to performing the actual carpentry work. "I am the world's worst carpenter," the Senator drawled. "I can look at a hammer and suffer and sustain grievous injury."

The same efficiency and organization that enable Howard Baker to maintain a busy legislative schedule and still make at least one trip to his state to visit constituents weekly are applied to his photographic methods.

Time is one commodity that is very short for Baker, but he tries to keep the weekends free for printing his work. A really excellent filing system enables the Senator to utilize every spare minute in the darkroom effectively. All his color work is done with a Hasselblad, using Ektacolor S. Generally, Senator Baker sends the film to a custom-processing lab to have it developed and to have contacts made. "I used to do the processing myself, but it got to be a chore with so little time to do it," Baker said. He has short-circuited that phase of photography, since the lab uses the same type of dichroic head that the Senator had on his own enlarger. In this way, he does not have to correct for imbalances in printing, since the lab sends a notation with each contact as to the set of filters used.

Standardization is the key to success in printing, Baker feels, and he uses additional methods to insure consistent quality. Paper is bought in 200-sheet packs of 16x20. This is then either cut into 8x10 sizes or left at the original dimensions. "I only print two sizes—8x10 and 16x20. I freeze the paper, so I know that the balance will be consistent there," Baker states. Film, too is bought in bulk to guard against variation. The finished prints are dry-mounted on 11x14-in. or 22x 26-in. white board. Sometimes a ⅛-in. undermount of a color complementary to the picture is used.

Filing systems are an additional asset in the Senator's utilization of time. Each set of negatives is accompanied in the file envelope by corresponding contacts, with the printing technique noted on each, thereby enabling Senator Baker to quickly retrieve any negative for rapid printing. However many short-cuts Howard Baker uses, he still enjoys his darkroom work greatly, and only wishes that there were more time for such satisfying occupations. "He who retreats into the darkroom knows himself darn well. The solitude is good for you; it's a good antidote to public life," Senator Baker affirms.

Photography has become part of that public life, too. In the 1968 presidential campaign, Senator Baker took time out to photograph many of the scenes on the campaign trail. These have been incorporated into a keepsake album. The same activities invited the Senator's attention during the 1972 campaign. Baker spent many long hours behind the scenes at the Republican National Convention, catching politicians and other cameramen off-guard.

Senator Baker's battered Leica M3 is a constant companion on such tours. He confesses that he is "set in his ways" and prefers the old M3 (bought in 1958) to some newer models, but is interested in the Leica M5.

"I grew up with the rangefinder," Senator Baker recalls. His first camera was a folding Kodak of his mother's and he still recalls fondly the first camera he was given for his own—a Univex Mercury—a Christmas gift from his parents. Says Baker: "Nobody had ever heard of it, but it was quite an advanced camera for its age. It cost very little, but it has a rangefinder and focal-plane shutter. In my filing cabinets I still have negatives shot with it, and I print one now and then just to marvel at how sharp it is." From there, Baker moved on to an Argus and a Kodak Bantam Special, but settled on the Leica after World War II, and has stuck with it for 35mm.

As this is written the Leica has yet to make an appearance in the Watergate hearings, however. "I have not taken a camera to the hearings," Baker admits. "I really didn't feel it would be proper. But I have succumbed a time or two and borrowed a camera to take a picture or two. I confess to some embarrassment or reticence to taking pictures from the committee. You're sitting there—a group of senators—listening to a witness making a point and sometimes fighting for his freedom, and to pull out a camera and stick it up to your eye is inappropriate." Nevertheless, Baker's borrowing of various newsmen's cameras during recess periods prompted one group of reporters recently to bring him a press card at the Senate's hearings.

At the Senate Select Committee hearings, Senator Baker was destined to be on what he calls "the wrong side" of the camera. His deceptively gentle manner masks a shrewd, inquisitive mind. Throughout the hearings, Senator Baker persistently asked witnesses why they became involved in Watergate—the other senators sought only to know what witnesses *did*, but Howard Baker is concerned with motivation.

Accordingly to Joy Baker, the Senator is basically shy, a loner, on the Washington scene. Perhaps this yearning for some privacy from the limelight causes the Senator to enjoy those peaceful hours spent at his real "profession" in his darkroom even more. Perhaps, too, those hours which provide "an antidote to public life" give the Senator a chance to contemplate comments being made about his future. More than one reporter in recent months has referred to the moderate, genial young Senator as "presidential timber." Certainly, Howard Baker has come to be regarded as a potential candidate for the Republican party in 1976.

For the time being, however, all the Tennessee Senator asks is more time to pursue his "profession" as a photographer, to spend a little more time in his darkroom, and in his native hills of east Tennessee. Yet, there are many forces at work in politics and public life that tend to make those quiet hours fewer and fewer. In the next few months, Senator Baker will be talking with publishers about a book of his photographs, and he will be hard at work again winding up hearings of the Senate Select Committee on Watergate. As for the future, whether Senator Baker is on the "right" side or the "wrong" side of the cameras, it's a sure bet that he will remain "hooked" on photography.

RULES OF PROCEDURE OF SELECT COMMITTEE ON STANDARDS AND CONDUCT

Mr. STENNIS. Mr. President, as required by the Legislative Reorganization Act of 1970, I submit herewith for publication in the RECORD the Rules of Procedure adopted by the Select Committee on Standards and Conduct.

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

Resolved, That the Select Committee on Standards and Conduct, United States Senate, adopt the following rules governing the procedure for the Committee:

1. *Meeting time.*—The meetings of the Committee shall be on the first Monday of each month at 10:30 a.m. or upon call of the Chairman.

2. *Organization.*—Upon the convening of each Congress, the Committee shall organize itself by electing a chairman and a vice chairman, adopting rules of procedure, and confirming staff members.

3. *Quorum.*—A majority of the Members of the Committee shall constitute a quorum for the transaction of business, except that two Members shall constitute a quorum for the purpose of taking sworn testimony.

4. *Proxies.*—A Member may vote by special proxy on any issue which comes before the Committee for decision except as otherwise designated in these rules.

5. *Record of Committee action.*—The Chief Counsel of the Committee shall keep or cause to be kept a complete record of all Committee action. Such record shall include a record of the votes on any question on which a record vote is demanded.

6. *Public hearings.*—All hearings conducted by this Committee shall be open to the public, except executive sessions for voting or where the Chairman orders an executive session. The Committee, by a majority vote, may order a public session at any time. In making such determination, the Committee will take into account evidence which may tend to defame or otherwise adversely affect the reputation of any person.

7. *Secrecy of executive testimony.*—All testimony taken in executive session shall be kept secret and will not be released for public information without the approval of a majority of the Committee.

8. *Stenographic record of testimony.*—An accurate stenographic record shall be kept of the testimony of all witnesses in executive or public hearings. The record of his own testimony, whether in public or executive session, shall be made available for inspection by a witness or his counsel under Committee supervision; a copy of any testimony given in public session, or that part of the testimony given by the witness in executive session and subsequently quoted or made part of the record in a public session, shall be made available to any witness at his expense if he so requests.

9. *Release of reports to public.* No Committee report or document shall be released to the public in whole or in part without the approval of a majority of the Committee. In case the Committee is unable to reach a unanimous decision, separate views or reports may be presented and printed by any Member or Members of the Committee.

10. *Subpenas.*—Subpenas may be issued by the Committee Chairman or any other Member designated by him, and may be served by any person designated by the Chairman or Member. The Chairman or any Member may administer oaths to witnesses.

11. *Swearing of witnesses.*—All witnesses at public or executive hearings who testify to matters of fact shall be sworn unless the Chairman, for good cause, decides that a witness does not have to be sworn.

12. *Counsel for witnesses.*—Any witness summoned to a public or executive hearing may be accompanied by counsel of his own choosing who shall be permitted while the witness is testifying to advise him of his legal rights.

13. *Right to submit interrogatories.*—Any person who is the subject of an investigation in public hearings may submit to the Chairman of the Committee questions in writing for the cross-examination of other witnesses called by the Committee. With the consent of a majority of the Members of the Committee present and voting, these questions shall be put to the witnesses by the Chairman, by a Member of the Committee, or by counsel of the Committee.

14. *Written witness statements.*—Any witness desiring to read a prepared or written statement in executive or public hearings shall file a copy of such statement with the counsel or Chairman of the Committee 24 hours in advance of the hearings at which the statement is to be presented. The Committee shall determine whether such statement may be read or placed in the record of the hearing.

15. *Prohibition of cameras.*—Television, motion picture and other cameras and lights will not be permitted to operate during a hearing.

16. *Interrogation of witnesses.*—Interrogation of witnesses at Committee hearings shall be conducted on behalf of the Committee by Members and authorized Committee staff members only.

17. *Right to testify.*—Any person whose name is mentioned or who is specifically identified, and who believes that testimony or other evidence presented at a public hearing, or comment made by a Committee Member or counsel, tends to defame him or otherwise adversely affect his reputation, may (a) request to appear personally before the Committee to testify in his own behalf, or, in the alternative, (b) file a sworn statement of facts relevant to the testimony or other evidence or comment complained of. Such request and such statement shall be submitted to the Committee for its consideration and action.

18. *Confirmation of staff.*—All staff members shall be confirmed by a majority of the Committee.

19. *Changing rules.*—These rules may be modified, amended, or repealed by a decision of the Committee, provided that a notice in writing of the proposed change has been given to each Member.

A NEW COST-PRICE SQUEEZE

Mr. McGOVERN. Mr. President, the Legislature of the State of South Dakota has enacted a resolution which calls upon the Congress to investigate the marketing and pricing structure in the livestock industry.

In the last several weeks, prices of feed cattle have dropped substantially from their high levels of last summer and fall, but the retail price of beef to the consumer has not dropped commensurately.

Preliminary evidence suggests that the investigation requested by the South Dakota Legislature is fully warranted. It is important to determine factually whether, indeed, there are undue spreads between the farm price and the retail price. Farmers and consumers need to know the facts, and if investigation should show it is not true, the processors and the retailers stand to have such information disseminated widely and understood.

In the meantime, however, the administration can take two steps to grant some relief to livestock growers caught between falling fed cattle prices and rising feed prices.

First, the USDA can reinstate and increase its program of meat purchases for school lunch programs.

Second, the administration can reimpose import quotas on foreign beef.

Both steps are in the long-term interests of farmer and consumer.

Mr. President, I ask unanimous consent that the text of the resolution of the South Dakota Legislature, an article from South Dakota Food and Fiber, official publication of the South Dakota Department of Agriculture, and a chart showing increases in the farm-retail price spread in beef be printed in the RECORD.

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

HOUSE CONCURRENT RESOLUTION No. 514

A Concurrent Resolution, Memorializing the Congress of the United States to direct the Federal Trade Commission to undertake an investigation of the present marketing and pricing structure in the livestock industry with a view towards providing a more equitable distribution of profits among producers, processors and retailers

Be it Resolved by the House of Representatives of the State of South Dakota, the Senate concurring therein:

Whereas, a critical situation threatens the consumer's future supply of meat, present meat price trends at farm and retail levels threaten both the nation's economy and the consumer's supply of food; and

Whereas, livestock prices the past four months have resulted in multibillion dollar losses to the livestock feeder and the nation's economy; and

Whereas, the problem touches every rural and urban resident as the economic drain suffered at producer level becomes a concern of our nation's economy; and

Whereas, producer costs are up, income is down and the retail consumer costs for meat have not adequately reflected the drastic losses suffered by our feedlots; and

Whereas, it is the concern of the Legislature of the state of South Dakota that an even flow of food products exist between producer and consumer; and

Whereas, it is important that the consumer be advised that livestock prices at farm level are at depressed levels, that unrealistic price spreads between producer and consumer at retail level are unfair to the consumer and hinder the ultimate flow of food products from farm to dinner table; and

Whereas, necessary information must be made available to the consumer to substantiate the need for improved livestock income and a full account of the processor and retailer costs must be public knowledge to consumers for public assurance that proper returns are realized to maintain continuity of our nation's food supply:

Now, therefore, be it Resolved, by the House of Representatives of the Forty-ninth Legislature of the state of South Dakota, the Senate concurring therein, that the Congress direct the Federal Trade Commission to undertake an investigation of the present marketing and pricing structure in the livestock industry with a view towards providing a more equitable distribution of profits among producers, processors and retailers and bringing the marketing spread back in balance; and

Be it further resolved, that copies of this resolution be forwarded by the Chief Clerk of the House of Representatives of the state of South Dakota to the Chairman of the Committee on Agriculture of the House of Representatives and Senate of the United States, to each member of the South Dakota Congressional delegation, to the Agricultural Committee Chairman of each house of all the states in the Midwestern Conference of the Council of State Governments, and to the Federal Trade Commission.

LAG IN RETAIL RESPONSE SEEN DETRIMENTAL TO PRODUCER IMAGE

Evidence presented today by the State Department of Agriculture shows that middlemen not only passed on beef price increases to the consumer during 1973 but also tacked on an additional markup of 12 per cent for themselves.

Marketing Director Dale Gullickson said the data had been gathered at the request of Legislator Julian Cheney of Creighton, S. Dak.

Gullickson said that while South Dakota cattle producers saw their prices rise and fall 18 cents per pound during the year, by December their prices were three cents per pound less than in the previous January.

"I hate to point a finger at others," Gullickson continued, 'but the consumer who blames the cattlemen entirely for over-the-counter beef prices needs to know the full facts."

He says that in January 1973, middlemen shared a markup of about 40 cents per pound on choice beef. By November, this spread had increased to nearly 55 cents per pound. The 15-cent jump amounted to a 37.5% increase over the January spread, yet cattle prices had a net decline during this time.

Only in August were markups for middlemen less than in January. Their costs for choice beef that month peaked at $1.08, while selling price rose to an average of $1.44. At that point, middlemen realized four cents per pound less than in January. However, by the week of September 13, markups had risen to 13.3 cents above the January level.

"Our study clearly indicates that higher meat prices today are a direct result of increased charges after the product leaves the farm," Gullickson continued. "My regret is that cattle producers were unduly criticized throughout the past year by certain consumer groups who do not understand our problem."

Comparisons were made with data including the average monthly prices for choice steers at Sioux Falls public markets taken from daily reports by U.S. graders and U.S. Department of Agriculture Economic Research Service monthly surveys of selected retail outlets across the country. Gullickson also used farm-to-retail price spreads from USDA averages and average weekly prices of all slaughter steers at six larger U.S. markets. Data for December was not fully available, so the comparison encompasses only 11 months of 1973.

"I fail to see why the price spread remained 12 cents more in December despite the fact that prices to producers had fallen to January levels," he said.

"When cattle prices rise, retail prices respond quickly," Gullickson says. "But when cattle prices fall, the retail response lags considerably. And while there may be possibly valid explanations for this phenomenon, its result was to harm the relationship between producers and the ultimate consumer."

CUMULATIVE CHANGES IN FARM-RETAIL BEEF PRICE SPREAD—1973

(From the South Dakota Department of Agriculture)

	Cents per pound
January (price spread: 39.7 cents per pound)	0
February	+3.1
March	+3.3
April	+5.0
May	+3.6
June	+1.2
July	−0.1
August	−4.0
September	+13.3
October	+13.1
November	+15.2

PROPOSED COMMISSION ON REVISION OF THE FEDERAL COURT APPELLATE SYSTEM

Mr. HUGH SCOTT. Mr. President, I should like to voice my support for the bill introduced by Senator HRUSKA yesterday to extend the life of the Commission on Revision of the Federal Court Appellate System. I urge speedy enactment of this measure.

The Chairman of that Commission is the distinguished senior Senator from Nebraska, Senator HRUSKA, and I have noticed that the Chief Justice in his recent review of the year and the newspapers have referred to that Commission as the "Hruska Commission."

As you know, the chairman's name is often attached to a commission as a pro forma matter, but in this case the title is well earned. The distinguished senior Senator from Nebraska has given unstintingly of his time and thought to the work of the Commission and has played a leading role in its deliberations. In addition to presiding over the meetings of the full Commission, he has presided over sessions of the executive committee, spent many hours with the Commission's staff, and taken part in the hearings which the Commission has held.

Perhaps I should say a word about these hearings, Mr. President. We hear a good deal these days about a lack of communication between governmental institutions and the people they serve. The Commission on Revision of the Federal Court Appellate System, under the leadership of my distinguished colleague, has made every effort to assure that the public was heard and listened to in its deliberations. Hearings were held in 10 cities. Dozens of witnesses testified and engaged in colloquies with members of the Commission. Scores of judges, attorneys, and other concerned citizens engaged in correspondence with the Commission; every letter was carefully read and personally answered. Most important, the Commission issued a preliminary report of its views concerning realinement of the several judicial circuits. In that report the Commission summarized its thinking and described the alternatives under serious consideration. Thousands of copies were circulated to members of the bench and bar. Through

the courtesy of the West Publishing Co., the report also received wide circulation in the advance sheets of the Federal Reporter and the Federal Supplement. In response to that preliminary report, the Commission received many additional communications and expressions of views. These were carefully considered, and taken into account in the preparation of the final report.

The accomplishments of the Commission are all the more remarkable in the light of the short span of time in which they were effected. It was not until June of last year that the Commission came into existence. In the 6 months between that time and the filing of the final report on realinement, Senator HRUSKA, his colleagues on the Commission, and the Commission staff worked untiringly to give thorough consideration to the problems of the courts of appeals and the possible realinements that might be recommended in the light of those problems.

I am sure that the distinguished senior Senator from Nebraska would want to give full credit to the other members of the Commission and to its staff. The membership of the Commission includes four Senators, four Members of the House of Representatives, four Members appointed by the President, and four appointed by the Chief Justice. In addition to Senator HRUSKA, Commission members include my distinguished colleagues Senator QUENTIN N. BURDICK, Senator EDWARD J. GURNEY, and Senator JOHN L. MCCLELLAN. From the House there are Congressman JACK BROOKS, Congressman WALTER FLOWERS, Congressman EDWARD HUTCHINSON, and Congressman CHARLES E. WIGGINS.

Appointed by the President are the Honorable Emanuel Celler, Dean Roger C. Cramton, Francis R. Kirkham and Judge Alfred T. Sulmonetti. Members appointed by the Chief Justice include Judge J. Edward Lumbard, Judge Roger Robb, Bernard G. Segal and Prof. Herbert Wechsler.

The Executive Director of the Commission is Prof. A. Leo Levin of the University of Pennsylvania Law School. Prof. Arthur D. Helman is Deputy Director.

In conclusion, Mr. President, I am confident that my colleagues join me in extending to the distinguished senior Senator from Nebraska our appreciation for a job well done. The Hruska Commission has discharged its obligations with respect to the first phase of its assignment in a manner appropriate to the magnitude of the problem besetting the Federal judicial system and the importance of that system to the well-being of the Nation. The distinguished senior Senator from Nebraska has performed a public service of which he can be proud and I know that this report of the Hruska Commission will be an important document in the history of the Federal courts.

WATER POLLUTION ABATEMENT FUNDING RAISES FALSE HOPES

Mr. MCINTYRE. Mr. President, 1972 was a landmark year for clean water in America. Passage of the Federal Water Pollution Control Act set in motion action which not only had statutory authority but provided monetary support for programs designed to make our national goal a reality—quality water for fish, wildlife, recreation, and navigable waters.

Public Law 92–500 authorized appropriations of $5, $6, and $7 billion during fiscal years 1973, 1974, and 1975 for Federal grants for construction of sewerage collection systems and treatment works. Unfortunately, President Nixon has made available only $9 billion total as opposed to $18 billion authorized for these projects for fiscal years 1973, 1974, and 1975. This proposed funding of $9 billion—$2 billion fiscal year 1973, $3 billion fiscal year 1974, and $4 billion fiscal year 1975—would not supply sufficient funds to the States to continue projects now under construction or to start new projects.

My own State of New Hampshire is being extremely hard hit by these impoundments. New Hampshire has enjoyed rapid growth in the past decade with an increased permanent population of 150,000 persons and numerous new part-time residents who are part of the second-home boom. Tourism is a major industry in New Hampshire and our lakes and streams attract hundreds of thousands each year.

All our citizenry has joined in the battle against water pollution. Bond issues, ease of site selection, and matching State funds reflect New Hampshire's desire to meet quality water levels. This cannot be accomplished without Federal aid.

In fiscal year 1975 funding New Hampshire's allocation has been reduced to $35 million. With a balance in 1974 funds of about $14 million this will allow a total of only $49 million to fund all projects ready for this year. A $12 million deficit can certainly not be absorbed by the State government.

I am deeply concerned by this seeming failure on the part of the Federal Government to fulfill monetary promises for pollution abatement. Not only have the States been filled with false hopes but these erratic funding changes have worked havoc with State pollution budgets.

I deplore these impoundment actions and intend to do all I can to see our water pollution abatement programs restored to the funding level originally set by Congress.

BLACK ON BLACK

Mr. METZENBAUM. Mr. President, Friday, February 22, marked the fifth anniversary of a television program "Black on Black" produced by WEWS–TV in Cleveland.

Because of the unique character of this program, by and for blacks, and the fact that it has survived a competitive television market for the past 5 years of this ABC affiliate, I believe it deserves commendation.

By providing a vehicle for prominent blacks to respond to the needs of all black people, and to be able to communicate these needs to the entire viewing audience, "Black on Black" assumes an essential role in the area's lifestyle.

The program's producer, Willa Benge, succeeded in accepting a challenge for more and better black programing that was issued at the conference on media and race relations held at Case Western Reserve University during the fall of 1968, when she first developed the show.

Guest appearances by such personalities as Julian Bond, SHIRLEY CHISHOLM, Angela Davis, and Roy Wilkins on this respected speaker's platform has provided varied viewpoints on issues essential to blacks while at the same time strengthening the pride in a black population that is an integral component of the whole community.

PRESIDENTIAL CANDOR

Mr. BROCK. Mr. President, my colleagues are aware of my position on the urgent need to clear up the Watergate mess so that we can return to the more critical issues facing this country.

Last week a number of newspaper columnists and editorial writers, those who are not clamoring for Mr. Nixon's immediate impeachment or resignation, noted that Senator HUGH SCOTT has been frustrated in his attempts to get through White House aides to urge the release of any information that might clear up the mysteries about the President's involvement in the matter. I share his frustration.

The delaying of further disclosures, rather than providing some strategic advantage, can only add to the growing sense of dismay among the American people. I would ask unanimous consent that these two articles, which appeared in the Washington Star-News, be printed in the RECORD.

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

NIXON AND THE SEEMLINESS OF THINGS

(By William F. Buckley, Jr.)

It becomes clearer day by day that the concern of President Nixon's enemies to formulate a high crime or misdemeanor of which he can be judged guilty is politically motivated. By this I mean that they desire that Nixon should cease to be President—they begin that way—then reason *a posteriori* to the question: What crime can we get him on?

It is after all very simply not established that Nixon knew about Watergate before it happened, or that he knew about the cover-up after it happened. It is known only that John Dean said he knew about the latter, but lots of people say John Dean is a liar. So the boys are talking about such things as bombing Cambodia, and setting up the "plumbers" unit, and being in contempt of court—the kind of thing that, when FDR or Truman or Kennedy did it, used to make the professors at Harvard shine with pride at the flexibility of the Constitution and the ennobling uses of the presidency.

What happened over the holidays is that the politicians went home and consulted their constituents. They didn't stop the man on the street and say: "Sir, is it your opinion, having looked into the matter, that President Nixon is guilty of the kind of thing Madison and Hamilton had in mind when they devised the phrase 'high crimes and misdemeanors'"? They said rather: "Do you think Nixon should be impeached?" In the same sense that they would use the term: "Do you think we should take the presidency away from Nixon?"

Absent a formal and incontrovertible crime, my feeling is that this is probably the correct approach. I have been saying, lo these many months, that impeachment has evolved in the American experience as something you do not in order to punish a president, but in order to replace him.

Meanwhile, Nixon, the lawyer, finds himself cast into the role of advocate. And this surely is what counts most heavily against him in terms of the seemliness of things.

Consider the incredible tape business. It is as safe as to say that somebody poured the concrete that sank the mobster into the East River, that somebody erased that section of the tape that recorded a conversation between Nixon and Haldeman. Six experts "developed" the tape and came unanimously to a conclusion that presumes to the status of certitude. So what did we get from Nixon? Something garbled about how maybe other experts should be called in.

Yet Nixon as chief executive is supposed to be the principal law enforcer. And the erasure of the tape was an illegal act. It was an illegal act performed under the very window of the President of the United States, for the benefit of the President of the United States, by, presumably, an employee of the President of the United States

Why hasn't Nixon expressed his outrage at this having happened? Because his lawyer's reflexes are trained to admit nothing, to protect his household: He is behaving, towards himself and his brood, the way William Kunstler behaved toward the Chicago Seven.

And then last summer. Whatever Dean did or didn't say to Nixon, and whatever Nixon did or didn't say to Dean in their myriad meetings, it is not disputed that John Dean wrote a memorandum addressed to Colson and circulated to Haldeman in which he solemnly proposed coordinating all the departments in the executive for the purpose, as he delicately put it, of "screwing" Nixon's opponents. The documents exists; no one has alleged that it is a forgery. And yet, in the eight months that have gone by, Nixon has not once alluded to it, not once expressed his disgust at its having circulated, apparently without protest, in his household. Why? Again, because his instincts are defensive, protective: Don't give in on anything.

That, as much as anything, is the cause of the overwhelming popular conviction that Nixon is simply lying to the American people. They are not yet clamoring to remove him, but he is making it less and less difficult for his critics to do so.

Time To Tell All

Unless appearances are totally deceiving, the Watergate overcast hangs darker than ever over the White House since those recent expert testimonies about multiple tape erasures. Out across the land, the rumbles of disaffection have intensified, and Dr. Gallup says the President's popularity rating is back down to its previous all-time low. Lesser but far from trivial jolts include last week's utterances of Representatives Wilbur Mills, the first really powerful conservative in the House to urge Mr. Nixon's resignation. But one member of Congress, at least, seems to see behind the thick murk a redemptive light that is not visible to the rest of us.

And the reason, we were told last Sunday, is that Senator Hugh Scott knows something the rest of us do not know—secrets that could put President Nixon immediately in a much better light. The Senate minority leader says he has "some information available to me . . . which would indicate that on specific items the President would be exculpated entirely. . . ." But alas, he feels bound not to reveal what the White House doesn't want to tell, even to its own benefit.

The senator's remarks almost coincided with an Associated Press story from "an informed source" to the effect that transcripts of White House tapes could refute some of John Dean's allegations against the President. Of course this cannot be vouched for until the relevant portions of the tapes are revealed. A primary reason why these haven't been released, the story goes, is that the White House fears this would bring demands for still more disclosures. If this is true, the reasoning is unacceptable.

It is long past time to be holding any high cards secretly in the Watergate affair, and no one realizes this better than Senator Scott. He has stood up stoutly for the President through all the torrid preliminaries to a congressional impeachment inquiry. Now he feels enormously frustrated, he said in Sunday's television interview, by White House withholding of information that might clear Mr. Nixon on some aspects of Watergate. For the senator says he simply "cannot break through the shell down there of all of his (Mr. Nixon's) advisers . . . who feel that the President no longer needs to make some of these replies."

Again, if this truly is the case, it speaks poorly of White House perception and decision-making at a juncture of crisis. We have no idea how many "specific items" of Watergate might be clarified to the President's advantage by complete revelation, or whether that also would bring out something else to damage his case. Those distinctions are unimportant; the vital point is that full disclosure must come, sooner or later, and the White House should make up its mind that sooner is better. Otherwise, the House Judiciary Committee's work is clearly cut out—to go after all this information with all the power it has, which can prove dominant in the case of an impeachment inquiry.

But first the full, House must vote to give the subpoena authority which the committee needs for full exercise of its constitutional power. We hope that Senator Scott's remarks will spur the House to do this, without delay.

GAO REPORT STRONGLY URGES PROCUREMENT REFORM LEGISLATION

Mr. CHILES. Mr. President, on February 6, the Government Operations Committee ordered reported, on a unanimous vote, S. 2510, legislation to create an Office of Federal Procurement Policy in the Executive Office of the President. In anticipation of a Senate vote on this bill, I would like to bring to the attention of my colleagues some pertinent information from a recent General Accounting Office report, dated January 31, 1974, concerning procurement reform and the urgent need for this legislation, a need confirmed by the 2½ year study of the Congressional Commission on Government Procurement; a need confirmed by the 23 witnesses who appeared during 5 days of hearings before my Federal Procurement Subcommittee; and a need that cannot be met by executive branch promises.

The Comptroller General raises some troubling questions about the administration's response to this legislation.

The Commission on Government Procurement, on which I served, reported over 149 recommendations for improving the procurement practices of the Federal Government. Almost half of these recommendations will require some legislative action. Some will merely require executive branch implementation. But the key to them all—the linchpin for effective procurement reform—was the Commission's No. 1 recommendation to create an Office of Federal Procurement Policy—OFPP.

At the same time that Congress is pushing ahead on procurement reform, the executive branch has also instituted a response to the recommendations before them. According to the GAO report. however, there are several factors which will prolong the complete evaluation of the recommendations. Those factors are:

The program is basically a part-time effort.

Executive branch review and coordination steps are extensive and time consuming.

A legislative program involving almost half the recommendations has yet to be established and coordinated between the executive branch and appropriate congressional committees.

A focal point of procurement policy making authority does not exist in the executive branch.

In summary, the Comptroller General stated last September that—

> Continued delay in establishing this (executive branch plan) management structure and the lack of assurance that this approach can achieve the objectives sought by the Procurement Commission confirms (our) opinion that a statutory mandate is required at the earliest possible time.

Further, the January report states that, as of January 1, 1974, only one item in the entire agenda of 149 recommendations had reached a completion stage, going through task group evaluation to management review, leading to the conclusion that—

> Early enactment of legislation (S. 2510) will help to insure timely and effective implementation of the more basic reforms recommended by the Commission.

More than anything else, the GAO report underscores the need for the central executive focal point that S. 2510 would create in order to:

Provide leadership and coordination for the many Federal agencies engaged in procurement operations.

Initiate legislation to reform the presently fragmented and outmoded statutory base for procurement policy and, at the same time, consolidate or repeal the many redundant and obsolete laws.

Arrest the proliferation of laws and regulations and to achieve uniformity when desirable.

Aggressively monitor the policy of relying on the private sector.

Bring about Government-wide exchange of successful ideas and to increase efficiency and economy in Government procurement operations—involving 80,000 personnel and some $50 billion in annual expenditures.

Build public confidence in Federal procurement practices with a visible improvement program responsive to both the President and the Congress.

The Comptroller General is not alone in supporting this legislation. During subcommittee hearings, we heard strong support from major industrial trade associations, the small business community, Federal employee unions, the Small Business Administration, the Administrator of the General Services Administration,

and independent public and expert witnesses.

I would like to request that my colleagues seriously consider joining me in cosponsoring S. 2510, along with Mr. ROTH, Mr. NUNN, Mr. HUDDLESTON, Mr. BROCK, Mr. GURNEY, Mr. MUSKIE, Mr. PERCY, Mr. JAVITS, Mr. MOSS, Mr. RIBICOFF, and Mr. ALLEN.

Mr. President, I ask unanimous consent that some pertinent sections of the GAO report be printed in the RECORD.

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

EXCERPT FROM REPORT TO THE COMMITTEE ON GOVERNMENT OPERATIONS

INTRODUCTION

In 1969, following extensive public hearings, the Congress created a Commission on Government Procurement and gave it a broad charter to study Federal Government procurement. A bipartisan 12-member Commission representing the executive and legislative branches and private business conducted the study.

The Commission examined the procurement process in three ways.

1. General setting—organizations, personnel, basic authorities, and controls.
2. Sequence of procurement events.
3. Types—acquisition of research and development, major systems, commercial products, professional services, and construction.

The 5 volume Commission report contains 149 recommendations.[1] (See appendix for a summary of each recommendation.) To implement most of them, some form of coordinated Government-wide action will be required in the executive branch. Almost half the recommendations will also require legislation. Others may be accomplished through individual agency action.

PROGRESS TOWARD ESTABLISHING FOCAL POINT FOR LEADERSHIP AND COORDINATION

The Commission found that procurement policy and regulations had become needlessly complex, diverse, uncoordinated, and outdated and that the executive branch had to focal point of leadership and coordination where fundamental procurement policies could be developed, debated, coordinated, and finally, published and implemented with authority and reasonable consistency. The executive branch needs such a central point to:

Provide leadership and coordination for the many Federal agencies engaged in procurement operations.

Initiate legislation to reform the presently fragmented and outmoded statutory base for procurement policy and, at the same time, consolidate or repeal the many redundant and obsolete laws.

Arrest the proliferation of laws and regulations and to achieve uniformity when desirable.

Aggressively monitor the policy of relying on the private sector.

Bring about Government-wide exchange of successful ideas and to increase efficiency and economy in Government procurement operations (involving 80,000 personnel and some $50 billion in annual expenditures).

Build public confidence in Federal procurement practices with a visible improvement program responsive to both the President and the Congress.

The Commision report pointed out that OMB had not evidenced a continuing concern about overall procurement management and had little direct involvement in formulating procurement policy.[2] The Commission's first recommendation was to create by law a small Office of Federal Procurement Policy (OFPP) in OMB or elsewhere in the Executive Office of the President.

At the time the Commission report was released, OMB had established a limited capability for procurement management but at a relative low organizational level. The limited capability was transferred to GSA in June 1973 following a Presidential Executive order[3] which assigned a series of management functions to GSA.

OMB has assumed lead agency responsibility for developing an executive branch position on the Commision recommendation to create an OFPP. There have been no meeting of the task group and no report is contemplated. (See appendix, recommendation A–1). In congressional hearings, OMB testified to the need for stronger central leadership but took the position that such leadership could be accomplished through revitalizing the existing structure. Our earlier reports discussed the proposed revitalizing of the executive branch management structure, including:

Strengthening procurement policy leadership in GSA and assigning it responsibility for directing and coordinating executive branch action on Commission recommendations subject to OMB oversight in major policy matters.

Establishing a group of interagency procurement policy advisors to assist GSA and OMB.

Establishing in OMB a small office headed by a deputy assistant director and a Procurement Council in the Executive Office of the President to help resolve major policy matters. (These two elements of the management structure, planned to be in operation from August 1973, have not yet been implemented.)

OFFICE OF FEDERAL PROCUREMENT POLICY

The House and Senate have held hearings on two bills (H.R. 9059 and S. 2510) to create an OFPP. Our last report summarized the July 1973 House hearings, and, for the reasons described in chapter 2, we strongly recommended early congressional action to create such an office.

In October 1973 a new bill was introduced in the Senate containing several revisions to the House bill, including some suggested by our Office and other witnesses during the House hearings. This Senate bill was referred to the newly formed Ad Hoc Subcommittee on Federal Procurement. The major changes from the House bill:

Clarified that the OFPP Administrator's directive authority flows from and is subject to the direction of the President within the terms of the OFPP Act.

Removed emphasis on procedures and forms and made policies and regulations OFPP's principal concern.

Included in the Administrator's functions (1) oversight responsibility for developing procurement personnel, (2) sponsorship of research in procurement policy and procedures, and (3) development of a uniform procurement transaction-reporting system.

Explicitly clarified that OFPP would not interfere with individual procurement decisions or require grantee use of Federal source of supply.

Added a declaration of general policy on Federal procurement of goods and services.

The Ad Hoc Subcommittee held hearings in October and November 1973 on the revised bill. Public, private, and academic viewpoints were provided by such executive agencies as OMB, GSA, DOD, NASA, AEC, HEW, and SBA; industrial and professional associations; outside independent experts; and the Comptroller General. Table 4 summarizes the testimony on key issues.[4]

FOOTNOTES

[1] *Report of the Commission on Government Procurement* (Washington: Government Printing Office, 1972.)

[2] *Report of the Commission on Government Procurement*, vol. 1, pt. A, p. 11.

[3] Executive Order 11717, May 9, 1973.

[4] A more detailed summary of the testimony can be found in the soon-to-be-released Subcommittee report on S. 2510.

TABLE 4

Witness	Need for OFPP[1]	Need for legislation	OFPP location	OFPP functions
OMB	Yes	Defer	OMB-GSA	No comment.
GSA	Yes	Yes	Not in GSA	Do.
DOD	Yes	Defer	Use Federal procurement council	Coordination only.
NASA	Yes	Defer	High level	Policy, not regulations.
SBA	Yes	Yes	Defer decision	Emphasize simple uniform regulations.
Other executive agencies	Yes	Defer	OMB-GSA or OMB	No comment.
Industrial associations	Yes	Yes	OMB or Executive Office of the President	Confine to principles and policies.
Outside experts	Yes	Yes	Regulatory board or commission	Various comments.
Comptroller General	Yes	Yes	OMB or elsewhere in Executive Office of the President	Endorsed bill.

[1] Agencies indicated a need either for an OFPP or for stronger central leadership-coordination.

Most executive agencies contended that the objectives of the OFPP bill could be accomplished through executive action. Some reasoned that steps to revitalize the current management structure should proceed; then, if that does not do the job, legislation should be considered in the spring of 1974.

GSA and SBA were two notable departures from the general tone of executive branch testimony. The Administrator of GSA said:

"It is my judgement that without any OFPP, and substituting any form of the status quo, modified, invigorated, or whatever you want to call it would change the time frame from maybe 5 to 7 years for reform to maybe 100 years. I do not think we are going to get the major reforms that are required by maintaining the status quo, no matter how you change it.

"I agree with the Commission, and as a Commissioner, that you have to have an OFPP. It has to have directive authority. This is the only way we are going to reform Government Procurement."

All witnesses outside the executive branch supported immediate legislation, believing that further delay was unwarranted because the executive branch would not act decisively without a congressional mandate.

Our position was that a clear congressional mandate, with the stature, authority, and continuity this would confer, was essential.

The Comptroller General observed that the Commission's evidence indicated that such a leadership role could not be credibly satisfied by a low-key revitalization of the present structure and that the executive and legislative branch approaches need not be in conflict because;

1. OMB has committed itself to a stronger leadership role in procurement policy.

2. Legislation being considered would permit the President to assign OFPP policy responsibility to OMB.

3. Passage of legislation would greatly enhance the present role of OMB and resolve the conflict over authority to issue policy guidance for agencies covered by the Armed Services Procurement Act.

In December the Ad Hoc Subcommittee considered all suggestions made during the hearings, agreed on several revisions to the bill, and reported out a new bill to the Senate Committee on Government Operations. The principal additional changes:

Clarified that meetings to promulgate new policies would be open to the public, with ample notice.

Provided for a 5-year life, with a comprehensive congressional review required for OFPP extension.

Required that new and major changes in policy be reported in advance to the Congress and be subject to disapproval within a 60-day period by either house.

Limited the Administrator's power to delegate his basic authority and responsibilities to other executive agencies.

Made a policy statement with a budget limitation to restrict OFPP to a small but highly qualified and competent staff.

IMPLEMENTATION OF THE NOISE CONTROL ACT OF 1972

Mr. TUNNEY. Mr. President, almost 18 months ago, the Congress passed and the President signed the historic Noise Control Act of 1972, the first comprehensive Federal program to control the effects of unwanted sound.

As chief sponsor and Senate floor manager of the legislation, I felt at the time—and still feel—that the regulatory framework was adequate to do the job needed, provided that those administering the act do a good job.

I have participated in two Senate hearings to oversee implementation of the legislation. I have also communicated on numerous occasions with those Federal agencies—especially the Environmental Protection Agency—responsible for carrying out various sections of the act. In general, EPA's small staff, which has operated on an even smaller budget, has waged a heroic struggle to meet deadlines and take tough positions—especially with respect to aircraft and airport noise issues—in the face of stiff opposition from other Federal agencies and the industry. Nonetheless, numerous tasks remain incomplete, and because of interpretations of preemption under various sections of the legislation, there is a growing fear that inaction or inadequate action by the EPA may prevent States from implementing strong programs of their own.

This problem is illustrated most clearly with respect to State statutes to control airport noise. At the time of enactment of the Noise Control Act, California had already passed a comprehensive law to control airport noise by means of monitoring, single event noise limitations, and most importantly, compelling airport proprietors to reduce cumulative noise exposure around airports by means of land use controls and use of their proprietary powers.

Also at the time of passage of the Noise Control Act, there was pending before the U.S. Supreme Court the issue of whether the imposition by a city of a curfew at a privately owned airport was a proper exercise of the city's police power and was not preempted by Federal regulations. (*City of Burbank* v. *Lockheed Air Terminal,* No. 71–1637, October term 1972.)

Before Burbank was decided but after passage of the Noise Control Act, the Air Transport Association filed, in Federal District Court in northern California a suit to invalidate the California law. (*Air Transport Association, et. al.* v. *J. R. Crotti, Director of Aeronautics of the State of California,* No. C–72–2189 WTS). That suit is still pending. Since the suit was filed, the Burbank decision was handed down, and in a 5 to 4 opinion, the Supreme Court held that the setting of a curfew was an improper exercise of a city's police power because the regulation of aircraft in flight was preempted under the Federal Aviation Act of 1958, as amended in 1972 by the Noise Control Act. (*City of Burbank,* v. *Lockheed Air Terminal,* 411 U.S. 624 (1972)). Indeed, Justice Douglas, speaking for the majority stated:

> The (Noise Control) Act reaffirms and reinforces the conclusion that FAA, now in conjunction with EPA, has full control over aircraft noise, preempting state and local control. (Id. at 633)

The Court reached this result despite the fact that the Noise Control Act intentionally does not address the issue of preemption. Indeed, the legislative history in both the House and Senate states that:

> No provision of the bill is intended to alter in any way the relationship between the authority the Federal Government and that of State and local governments that existed with respect to matters covered by section 611 of the Federal Aviation Act of 1958 prior to the enactment of the bill." (H. Rep. No. 92–842, 10 (1972); similar language in S. Rep. No. 92–1120 (1972)).

We thought our statement of intent was clear. We intended not to address the issue of preemption. Nonetheless, in briefs in the Burbank case, one side argued that by not including a preemption clause we intended not to preempt, and the other side argued that we intended to reemphasize the fact that the Federal Government had preempted in all respects the regulation that the lack of a preemption provision was "not decisive." (Id.)

What saddens me about the Burbank result is that it has created a regulatory vacuum. States like California, which have strong legislation, now face the arduous task of distinguishing programs in those laws from activities preempted by Burbank.

Airport operators—who could theoretically impose on their own initiative numerous programs to reduce aircraft and airport noise—for example, alterations in uses of runways or changes in angles of landing and take-off—are now claiming they lack regulatory authority to do anything to solve the problem.

For the past 15 years the Federal Government has had clear regulatory authority to curb aircraft noise, but it has only nipped at the edges of a solution. Before passage of the Noise Control Act, FAA aircraft regulations covered about 2 percent of the commercial fleet. Since 1972, the FAA has proposed a rule to reduce fleet noise by the end of this decade, but, even with tentative EPA approval, this rule has never been promulgated. EPA has made a recommendation under the Noise Control Act with respect to propeller-driven aircraft, but recommendations concerning certification of airports and changes in flight procedures—both of which were addressed in EPA's aircraft/airport study prepared as required by the Noise Control Act—are not expected to surface until this fall—at the earliest.

Another gap is a long-overdue regulation to curb SST noise. At the present time, no noise limits whatsoever apply to SST's which may soon land at and takeoff from airports in the continental United States—an FAA rule to ban overflights of SST's at supersonic speeds over the continental United States does not affect landing and takeoff at subsonic speeds.

In view of an express promise by the FAA almost 2 years ago that an SST noise rule would be forthcoming, I have joined a number of my colleagues in demanding FAA action. At the same time, the Environmental Defense Fund and others have brought suit on February 1, 1974 in Federal district court here to compel this action.

In sum, what is very troublesome about interpretations of preemption of regulations to curb aircraft and airport noise is that so little is happening at the Federal level, and strong State statutes are in limbo.

Another troublesome area is noise limits for interstate motor carriers. States like California have on the books numerous statutes curbing highway vehicle noise. Yet, in contrast to the airport and aircraft area, the Noise Control Act provides for virtually total preemption once Federal noise limits for interstate motor carriers are promulgated. Federal regulations for interstate motor carriers were due last July 27, but have not yet been promulgated. I understand that they are soon to be promulgated, but, unfortunately, they will be based on cost of compliance for the heaviest and noisiest highway vehicles. Indeed, the Federal standards will be higher than the noise emitted from the majority of heavy-duty interstate motor vehicles in operation at the present time. Fortunately, the regulations will only apply to vehicles over 10,000 pounds, so that regulations for lightweight vehicles will not be preempted.

In a letter to me dated January 17, 1974, EPA's Acting Assistant Administrator for Hazardous Substances Control stated, in response to my letter on this subject:

> We agree with your view, however, that the legislative history—of the Noise Control

Act—clearly shows that it is intended that the preemption only occurs in areas of regulation where adequate Federal regulations are in effect.

I will be interested to see how EPA justifies these regulations as protective to public health and welfare as required by the legislation.

These are some problem areas. In my view, the demands of interstate commerce do justify preemption in many instances. However, the preemption should not be used to rationalize the "least common denominator" or regulation. I was insistent that the Noise Control Act allow considerable leeway to States and localities to enact noise limits at the source and that it leave States and localities entirely free to regulate levels of environmental noise. Only in this way can the Federal Government be prodded to take strong action of its own to curb adverse effects of unwanted sound.

THE MOVEMENT TOWARD INTEGRITY

Mr. BROCK. Mr. President, there is a movement in this country today that deserves all the encouragement we can give it, a movement that can restore some of the lost faith in our goals and institutions. The thrust of the movement is to make dishonesty unpopular through education and return to higher ethical standards in all our institutions.

Spearheading the effort is American Viewpoint, Inc., a public-spirited, nonprofit organization in Chapel Hill, N.C., under the direction of Ivan Hill. His growing campaign was brought to national attention first by a full-page advertisement in the Wall Street Journal, and again more recently by newspaper columnists who realize that Government alone cannot reverse the tide of sleazy ethics that has brought mistrust to all of our national institutions. A January 25 column by Roscoe Drummond perhaps summarizes the movement most succinctly. I would ask unanimous consent that his remarks be printed in the RECORD.

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

HONEST ENOUGH TO STAY FREE

(By Roscoe Drummond)

WASHINGTON.—Based on the latest poll of the University of Michigan's Institute for Social Research, the headline reads: 66% Feel Distrust in Government.

This is the highest and most perilous level of public distrust in memory. And not just distrust in government but in almost everything—in business and industry, in labor unions, in advertising, in merchandising, in the media, in politics and the whole election process.

It is easy to assume that government and politics have a kind of monopoly on sleazy ethics and dishonesty. But consider signs of the times like these:

A Chicago meatpacker handles $15 million worth of meat a month but can't show a profit because of an employee theft ring.

A New Orleans architect finds that public officials consider a 10% kickback normal—a widespread practice.

A San Diego bank goes bankrupt because its principal stockholders were making dubious loans to themselves.

A hot insurance company collapses after inventing thousands of fictitious policyholders.

In cities, shoplifters are stealing billions upon billions of dollars of merchandise.

This is a fair sample of the mounting and pervasive dishonesty and decaying ethics cited by a nonprofit and public-spirited organization called American Viewpoint, Inc., located at University Square, Chapel Hill, N.C., which is setting out to do something about it.

It is not too late but it is surely not too soon. Hopefully, what it is saying and what it is beginning to do will find a responsive public.

There is no doubt that Watergate in all its related crimes and offenses against decent government has weakened the moral fiber of those who were looking for an excuse for their own misconduct. Watergate has impaired our faith in each other and in all our institutions.

The need is to arrest and reverse the downward trend of ethical standards.

"Maybe it's too late," says Ivan Hill, a former advertising and business executive who is the energizing president of American Viewpoint, Inc. "Maybe there are already too many people who simply don't care about having a bundle of freedoms. Maybe faith in one another is a thing of the past. But we don't think so. And we propose to help bring back honesty, ethics and self-respect. Our simple aim is to make honesty a working social principle rather than a moral issue apart from our daily lives."

The most valuable thing which Mr. Hill and American Viewpoint are doing is to relate ethics to the survival of freedom in the United States. They are indispensable to each other.

Honesty and ethics form the cement which holds together our whole free society, and without a recovery of a higher standard of ethics and honesty we will lose both our democracy and our freedom.

Ethics cannot be legislated and the end result of social decay, which comes from pervasive dishonesty, is enforced discipline, and down the road from there is political dictatorship.

This is why Alan L. Otten warns in an article in The Wall Street Journal that "Americans may be ripe for a man on horseback."

This is why America must make itself honest enough to stay free.

'76 MEETING HOUSE—A GREAT BIRTHDAY IDEA

Mr. McINTYRE. Mr. President, I was pleased earlier this year to join Senator TOWER in cosponsoring the Meeting House Preservation Act. This plan would enhance our celebration of the American Revolutionary Bicentennial allowing each of the 55 States and territories to select one historic site to be preserved and honored as a focal point in each State's celebration.

It is most important that the citizens of each State have a place to go to obtain information on how to protect their environment with daily participation in conservation and preservation activities. The whole concept of rethinking our physical environment to include historic conservation could bring fresh life to many communities. It would make history relevant to our everyday lives and give young Americans a feeling of belonging to a well-rooted family tree.

The Heritage '76 "Meeting House" program would embody the theme of the Bicentennial: "A Past to Honor: A Future to Mold," by presenting to the Nation and the world a new concept of embracing all the disciplines concerned with improving the quality of our physical life through preservation of our total environment.

New Hampshire has submitted three proposals to the American Revolution Bicentennial Commission for prospectus designation under the '76 "Meeting House" concept. Each of these is a truly worthy site to be saved, restored, and used as a meeting place for all citizens concerned with the preservation of our cultural heritage.

The Belknap-Sulloway Mill, located on the Winnepesaukee River at Laconia, N.H., meets in every respect the criteria set by the American Revolution Bicentennial Commission in its "meeting house" proposal.

Built between 1823 and 1828 to replace an earlier wooden mill which burned in 1823, this structure represents a highly significant and almost vanished style of early 19th century American mill architecture. The building is a product of an important phase in the development of the northeastern United States from a predominantly agrarian into a major industrial region. The Meredith Cotton and Woolen Manufacturing Co., early proprietor of the mill, was founded in 1811 at a time when disputes leading up to the War of 1812 cut off supplies of imported manufactured goods. The first effects of the American industrial revolution were being felt; clothing and other articles were being made in factories, rather than in individual farmhouses or small shops.

The burgeoning textile industry of the 19th century played a central role in the development of modern New Hampshire and its people. Workers came, not only from the farms and villages of New Hampshire, but from French Canada and Europe, broadening the character of the population of the States, whose original settlers came largely from the British Isles.

Details of the architecture and history of the building itself are included in the nomination form provided for the National Register of Historic Places maintained by the Office of Archeology and Historic Preservation of the National Park Service.

Its clerestory monitor roof, derived from the Roman basilica and early European church architecture was adopted in the first New England textile mills because it allowed for use of the attic story for parts of the cotton or woolen manufacturing process. The bell in the Georgian-style cupola was recast by Holbrook, a Revere apprentice, in Medway, Mass., from one he made for the original wooden mill while he lived in Laconia—then called Meredith Bridge.

Robert M. Vogel of the Smithsonian Institution has pointed out that:

The Belknap-Sulloway Mill is the oldest standing brick textile mill in New England (and thus virtually by definition in the United States) that is essentially unaltered from its original construction.

Thus the mill building is atypical, if not unique, and is important both historically and architecturally. The mill is given a first priority rating on the His-

toric American Engineering Record list of sites.

Exeter, N.H., site of the State's earliest permanent inland settlement—1637—is an appropriate location for a "meeting house" to fulfill the functions outlined in the "meeting house" proposal of the American Revolution Bicentennial Commission. Located in the southeastern section of the State, the town and its environs contain many buildings of historic and architectural importance. Since the major population centers of New Hampshire are also in the southern half of the State, Exeter is accessible to those who would be attracted by programs concerned with historic preservation and natural conservation.

THE TOWNHALL

The building proposed is part of the Front Street Historic District listed in the National Register of Historic Places maintained by the Office of Archeology and Historic Preservation of the National Park Service. It is located in the very heart of an area which has been singled out for preservation because of its historic and architectural significance. The townhall is one of the more recent buildings included in the historic district. Most of the others are framehouses currently in use as dwellings or offices and are not available or suitable for the purposes of the proposal.

The third proposal for a "meetinghouse" is the Stoodley's Tavern at Strawbery Banke, Portsmouth, N.H.

The present Stoodley's Tavern was built in 1761 on the site of Col. James Stoodley's first tavern, "The Sign of the King's Arms," which had burned that same year. The tavern was conveniently located on the north side of busy King street—now Daniel Street—in Portsmouth, and in its day was the most fashionable hotel in Portsmouth and its environs. The building was the usual stopping place for travelers between Boston and points in Maine, and the New Hampshire Gazettes of the 1760's contain advertisements of the stage to Falmouth—now Portland—which started from Stoodley's. The tavern's proprietor, James Stoodley, was at one time a member of Rogers' Rangers, and served for a time as collector of excise taxes on liquors, using this building as a receiving office for the moneys.

The third story of the tavern contains a large hall, which was used for Masonic meetings—probably those of St. Patrick's Lodge—and for public dancing parties for the elite of the town. The building thus served as the focus of social activities in Portsmouth, as well as serving the traveling public.

After Colonel Stoodley's death, his widow married a Mr. McHurd but continued to operate the building as a boarding house. The Honorable Elijah Hall, who married Colonel Stoodley's daughter Elizabeth, later came into possession of the house, which he maintained as his own dwelling until his death there in 1830 at the age of 84. Hall had been a lieutenant under John Paul Jones on the *Ranger*, and was aboard that ship during her noted engagement with the British vessel *Drake*. Hall also held many political offices, including State counselor, and was naval officer for the Portsmouth district even after he was 80.

I am proud to see New Hampshire's citizens taking such an active role in preparing for our bicentennial. All Americans should visit New Hampshire to enjoy the beauty of our State and to understand the role New Hampshire plays in our developing American heritage.

FARAH STRIKE VICTORY

Mr. CRANSTON. Mr. President, the Amalgamated Clothing Workers strike against the Farah Manufacturing Co. has ended in a resounding victory for the union—a victory which reaffirms the basic right of all American workers to organize and bargain for better wage and working conditions.

The strike succeeded because the workers did not give in, because of a highly effective boycott of Farah pants, and because of the law. It was a National Labor Relations judge who gave the strikers a major moral and legal victory last month, describing Farah's antiunion tactics as "lawless."

I am pleased that Farah has now abandoned union busting and I hope it will soon enter into good-faith collective bargaining with its 9,500 mostly Mexican-American employees.

The time has long since passed in this country when one employer's idea of 19th century "rugged individualism" is allowed to ride roughshod over the legitimate rights of his workers.

DANGER OF THE BUREAUCRACY

Mr. BROCK. Mr. President, a lot of things have been said and written recently about the power of the American Presidency and the potential for its abuse. But there is another power, which is more vast and pervasive, but over which the people of this country seemingly have little say. That is, the power of the Federal bureaucracy. Nonelected officials have been delegated broad authority to determine the priorities, policies, and projects funded by their various offices and agencies. The inability of citizens to hold elected officials responsible for these actions has contributed significantly to the frustration people feel toward Government in general.

The crisis in public confidence is not limited to any single branch of the Government. Likewise, confidence cannot be restored by any one method. Howard Phillips, former Acting Director of the Office of Economic Opportunity, has formed an organization called "Public Monitor," which seeks to expose bureaucratic abuse and hold those responsible publicly accountable for their actions. Speaking on the CBS commentary program "Spectrum," Jeffrey St. John described the organization's purpose and noted the hypocrisy shown by those who blame only the Presidency for public mistrust. I ask unanimous consent that his remarks be printed in the RECORD.

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

REMARKS BY JEFFREY ST. JOHN

Arthur Schlesinger, Jr., writes in his book "The Imperial Presidency": "The expansion and abuse of Presidential power constituted the underlying issue, the issue, as we have seen, Watergate raised to the surface . . ."

So long as Mr. Nixon is in the White House we shall hear such rhetoric. One would think that liberal historians and intellectuals like Dr. Schlesinger would have come to their senses after Vietnam and Watergate and swear off a belief in the powerful Presidency. But, as "The Imperial Presidency" makes clear, this is not the case. The liberal assault on the office of the Presidency is tactical not philosophical.

We can see proof of this by noting that while Professor Schlesinger in his book spends much time and effort analyzing, from the early beginnings of the Republic, the growth of the power of the President, he ignores totally the power of bureaucracy at the disposal of the President.

Howard Phillips, former acting OEO director, knows something about the abuse and power of the federal bureaucracy. "The real issue of 1973," he noted back in early November, "is not Presidential power—but the power of the bureaucracy. The power of bureaucracy is making democracy inoperative. Increasingly, we have assigned policy-setting functions to non-elected bureaucrats, according them broad discretion to establish priorities, finance pet projects, reward friends, and punish their enemies. Our democratic process is being dangerously eroded by the diminishing ability of citizens to hold elected officials accountable for actions of this new, fourth branch of government." End quote.

Howard Phillips, dumped by Nixon as OEO director after a savage liberal smear campaign, has formed an organization called "Public Monitor" to expose bureaucratic abuse and make it publicly accountable. One doubts that many liberals will join this worthwhile and much-needed effort.

While Mr. Phillips is taking on the power of the bureaucracy, another organization of liberals and leftists is gearing up next year to make the power of the federal bureaucracy larger! "A Coalition for Human Needs" has been formed, comprised of 100 organizations such as Americans for Democratic Action, to lobby Congress for enlarging social spending programs. Some of these organizations have been active in attacking the concept of a powerful Presidency under Nixon. Illustrating that power is only evil and dangerous when the other guy has it.

THE GENOCIDE CONVENTION: IDEALS IN ACTION

Mr. PROXMIRE. Mr. President, 25 long years have passed since President Truman first submitted the Genocide Treaty to us for ratification. During this time I have spoken time and again, imploring the Senate to ratify this Convention on the Prevention and Punishment of the Crime of Genocide.

Critics of the treaty may think those of us who call for approval of the Genocide Treaty are overly idealistic for believing that the Genocide Convention is necessary to prevent the destruction of a national ethnic, racial, or religious group. I would like to answer them by quoting the words of the late President Woodrow Wilson:

Sometimes people call me an idealist. Well, that is the way I know I am an American. America is the only idealistic nation in the world.

Americans have created ideals and striven to fullfill them since 1776. We can attribute much of the success of this great Nation to the striving for ideals which we have established for ourselves. Over the past year, the national political scene has exposed us to politics without ideals and to officials who did not look beyond their own short-term political gains.

Idealism pervades our most cherished documents. Is not the Declaration of Independence the paragon of idealism? And yet opponents of the Genocide Convention argue that the convention is too idealistic. How idealistic is the Genocide Convention? Is it a bad treaty, because it is too idealistic? This is nonsense.

The Genocide Convention is a constructive attempt to diminish the threat of genocide. It is designed to prevent the destruction of a national, ethnic, racial, or religious group by defining genocide, outlawing it, and establishing procedures for punishing it.

We cannot reject the treaty on the grounds that it is too idealistic.

RETIREMENT OF CONGRESSMAN JOHN BLATNIK

Mr. MONDALE. Mr. President, JOHN BLATNIK, dean of the Minnesota congressional delegation, has announced that he will retire at the end of the current session of Congress.

There is one thing we all know—he was not worried about reelection. He has dedicated 27 years on the House Public Works Committee—and for the past 3 years the chairmanship of that committee—to the causes of economic development and a healthy environment. And it is a bad election for JOHN BLATNIK when he falls below 75 percent of the vote. He is loved by all who know him.

His legislative record speaks for itself. Just for example:

He sponsored the St. Lawrence Seaway, establishing the city of Duluth as a major seaport, and he succeeded in widening and deepening its channels, and in providing for an extended navigational season.

He fathered the Water Pollution Control Act of 1956 and helped it grow from a $50 million program into a multibillion dollar national commitment to clean water.

He was one of the five original authors of the interstate highway program.

He led the fight for the Area Redevelopment and Community Facilities Act, which established the Economic Development Administration, the accelerated public works program, and the Upper Great Lakes Regional Commission.

And within Minnesota he established the Boundary Waters Canoe Area, the Grand Portage National Monument, and secured legislative authority for Voyageurs National Park.

The people of Duluth and the Iron Range know JOHN BLATNIK as a man with unparalleled commitment to economic development and a deep respect for the values of conservation.

Minnesota will miss his leadership. And I will miss a friend who has always given the best advice in the toughest times.

But our loss is a clear gain for JOHN'S wonderful wife, Gisela, and his children, Thomas, Stephanie, and Valerie. JOHN BLATNIK returns to private life with his health, his family, and the respect and best wishes of all of us who served with him in the Congress over the years.

FREEDOMS AND CABLE TV

Mr. BROCK. Mr. President, Congress may soon be faced with a rare opportunity to show that it can learn from past mistakes and pass responsible legislation that will assure the self-regulation of a public utility. The utility I refer to is cable television, which already serves over 8 million households across the country.

In its report to the President January 16, the Cabinet Committee on Cable Communications recommended that once a cable system has gained wide acceptance, a system that is theoretically capable of carrying an unlimited number of channels, that TV programing should enjoy the same rights to freedom of the press that newspapers and magazines now possess. To prevent private monopolies over programing, the committee further suggests that cable operators become the equivalent of common carriers, without the authority to control programing.

As is pointed out in the January 17, "Review and Outlook" column of the Wall Street Journal, this course is likely to be opposed by Federal bureaucrats, private cable operators, and "public airwave broadcasters. Yet industry competition with the necessary safeguards against monopoly formation, has proven to be the most effective means of fulfilling public needs. I would ask unanimous consent that this thought provoking article be printed in the RECORD.

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

[From the Wall Street Journal, Jan. 17, 1974]

TV AND 1984

In its report to the President yesterday, the Cabinet Committee on Cable Communications said "we were concerned both literally and figuratively with '1984'."

We applaud the committee for its concern about preventing the burgeoning cable TV industry from turning into the medium for the figurative, fearful "1984" envisioned by George Orwell. We doubt that cable TV will bring anything quite so terrifying as the Orwellian "Big Brother" government keeping electronic watch on all its citizens. But we do confess to some misgivings over whether the cable communications system this country will literally have in 1984 will be the desirable system the committee proposes.

What the committee proposes is not only desirable but of vital importance in the shaping of policy toward an increasingly pervasive communications system. The report renounces all claims that the government has any authority to regulate the program content of TV once that medium no longer makes use of the finite number of "public airwaves." Once TV signals come into homes on private cables, with a theoretically unlimited number of channels, TV programming should enjoy the same First Amendment right to freedom of the press that newspapers, books and magazines have, the committee avers.

The report holds that this freedom should be coupled with a future means of preventing cable system operators from having a private monopoly over programming. This is based on the sound assumption that costs and right-of-way problems will likely preclude having more than one cable system in most localities.

The committee's antimonopoly prescription is simple enough. It proposes that once cable TV has become a "mature" industry, with perhaps 50% of TV viewing households on coaxial wires, operators be required to divest themselves of all programming functions. They would become something equivalent to common carriers, much like phone companies (although the report discourages the idea of rate regulation). They would have to make their channels available to all comers—the local school board, commercial sponsors, political candidates, what have you—in return for use fees.

Even before the industry became "mature" the FCC would be required to give up authority it already has asserted over cable programming, which is similar to the authority it asserts over broadcasting. It would not be able, for example, to apply the so-called "fairness doctrine" dictating "balance" in the discussion of public issues, or its "equal time" rules for opposing political views. It would have none of the coercive authority that now is inherent in its authority to license broadcasters.

This is indeed the direction to take but we have few illusions that it will be easy to roll back what already has developed in cable TV. The committee is asking the FCC to give up measurable control over an industry, something government agencies and their friends in Congress seldom do willingly. Broadcasters are not keen about having cable programimng unregulated while they remain under the FCC thumb. Cable operators, with 3,000 systems serving eight million households, already are a formidable political force and are not likely to favor a long-range policy that would call for eventual divestiture of the programming function.

The committee was not so naive as to not anticipate these huge political obstacles and try to deal with them in its report with more detailed proposals than we can recount here. Clay T. Whitehead, the committee chairman, already has had some lumps from broadcasters over his frontal assault, some time back, on political bias in government subsidized broadcasting, which was interpreted as an attack on freedom of the press. As director of the White House Office of Telecommunications Policy, he carries the added burden of being associated with a damaged presidency. Now that he has helped compose a formula for real broadcast freedom, he may find himself being jeered by folks who should be offering cheers.

We only suggest that Congressmen and media commentators read the report and then ask themselves what kind of electronic information medium they would like in 1984. The most likely prospect, we fear, is one in which programming is controlled by the coalition of a federal bureau and private local monopolies. That might not be as bad as the Orwellian 1984 but it wouldn't be good either. It will be a shame if some historian a decade hence digs up a dust-covered report and laments that it all could have been different.

LITHUANIAN INDEPENDENCE

Mr. RIBICOFF. Mr. President, this month Lithuanians all over the world observe the 56th anniversary of Lithuanian Independence Day. It is important

for all those who cherish human freedom to mark this occasion.

The passage of time has dimmed the memory of the forced incorporation in 1940 of all three of the Baltic States—Lithuania, Estonia, and Latvia—into the Soviet Union. But by their continued acts of courage, the peoples of these countries have reminded the world that they still long to be free and independent.

To its credit, our own Government still refuses to recognize the Russian military takeover of the three Baltic States. But aside from this lack of formal recognition, little has been done to offer hope of a change in the present status quo. Too little attention is being given to aspects of "human détente" by our policymakers in our relations with the Soviet Union. It has taken men like Simas Kudirka—a Lithuanian—and the great Russian writer Alexander Solzhenitsyn to remind us in the West of the brutal and repressive nature of Soviet society. The heroism of these two men has not been forgotten by this body. Just as I am proud to be a cosponsor of Senate Joint Resolution 188 proclaiming Solzhenitsyn an honorary citizen of the United States, I am pleased to cosponsor Senate Concurrent Resolution 66 calling on the Soviet Union to release Simas Kudirka from imprisonment. It is through legislation such as this that the finest tradition of American humanitarian concern and love of individual freedom can be expressed.

The people of Lithuania enjoyed the right of national self-determination as the Republic of Lithuania for only a brief period in their long history. Let us hope that this cherished dream will come closer to reality in the year ahead.

I ask unanimous consent that the text of the 56th Anniversary Resolution of the Hartford, Conn., Branch of the Lithuanian American Community of the United States be printed in the RECORD.

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

[Lithuanian American Community of the U.S.A., Inc., Hartford Branch]

RESOLUTION

We Lithuanian-Americans of the Greater Hartford at a meeting held on February 17 1974 commemorating the 723rd anniversary of the formation of the Lithuanian Kingdom in 1251 and the 56th anniversary of the establishment of the Republic of Lihuania in 1918, unanimously adopt the following resolution:

Whereas in 1918 the Republic of Lithuania was established by the free exercise of the right of self-determination by the Lithuanian people; and

Whereas by the Peace Treaty of July 12, 1920 Soviet Russia officially recognized the sovereignty and independence of Lithuania and voluntarily renounced forever all sovereign rights and claims by Russia over Lithuanian soil and her people; and,

Whereas from 1920 to 1940 Lithuania was a fully independent and sovereign nation, a member of the League of Nations and a signatory of numerous international treaties with the Soviet Union; and

Whereas the Soviet Union during June 15–17, 1940 invaded and occupied Lithuania by overwhelming force of arms and subsequently forcibly annexed the Lithuanian Nation into the Soviet Union; and

Whereas the Soviet Union has systematically conducted a policy of colonialization ethnic dilution and Russification within Lithuania; and

Whereas the United States Government maintains diplomatic relations with the government of the Free Republic of Lithuania and consistently has refused to recognize the seizure of Lithuania and forced incorporation of this freedom-loving country into the Soviet Union; and

Whereas the people of Lithuania to this very day are risking and sacrificing their lives in defiance of the Communist regime in seeking political and religious freedom as demonstrated by the Lithuanian sailor, Simas Kudirka, the self-immolation of Romas Kalanta, and the subsequent demonstrations of thousands of young Lithuanians, and the petition of 17,000 Lithuanian Roman Catholics to Kurt Waldheim of the United Nations; and

Whereas the 89th U.S. Congress unanimously passed House Concurring Resolution 416 urging the President of the United States to direct the question of the Baltic Nations status at the United Nations and other international forums focusing attention on the denial of the rights of self-determination for the peoples of Lithuania, Latvia and Estonia, and to bring the force of world opinion to bear on behalf of the restoration of these rights to the Baltic people; now therefore be it

Resolved that we Lithuanian-Americans will urge the President of the United States, members of Congress, and the United States Department of State to publicly reaffirm the United States Policy of non-recognition of the forceful annexation of the Baltic States by Soviet Russia, and to maintain that policy during all negotiations with the Soviet Union, especially those concerned with the new Détente policy; and further

Resolved to request the President of the United States to vigorously implement House Concurring Resolution 416 to the fullest extent; and further

Resolved, that copies of this resolution be forwarded this day to the President of the United States, the United States Secretary of State, the United States Ambassador to the United Nations, the United States Senators from Connecticut, Republican and Democratic leaders in the United States Congress, the Lithuanian Minister in Washington, D.C., and the Lithuanian Consuls in New York City, Los Angeles, Chicago, and the press.

R. P. GRAJAUSKAS,
President.

FREQUENTLY OVERLOOKED INCOME TAX DEDUCTIONS FOR THE ELDERLY

Mr. METZENBAUM. Mr. President, I am deeply concerned with the problems faced by the elderly of this Nation—low income, inadequate transportation, rising medical costs, and unsafe housing. One goal toward which I intend to work is that all Americans can look forward to their older years with assurance rather than dread, with hope rather than fear.

Low income in retirement is one of the most serious problems confronting the elderly. Still, this segment of the population is required to file income tax returns, unaware of several deductions available to them and thus paying more than is required by law.

The Senate Committee on Aging has heard testimony that perhaps as many as one-half of the aged population overpay their taxes. To prevent this, the committee publishes each year a list of commonly overlooked deductions to be used as a checklist at the time of filing tax returns.

Mr. President, I ask unanimous consent that this summary of tax relief measures be printed in the RECORD.

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

CHECKLIST OF ITEMIZED DEDUCTIONS FOR SCHEDULE A (FORM 1040)

MEDICAL AND DENTAL EXPENSES

Medical and dental expenses are deductible to the extent that they exceed 3% of a taxpayer's adjusted gross income (line 15, Form 1040).

INSURANCE PREMIUMS

One-half of medical, hospital or health insurance premiums are deductible (up to $150) without regard to the 3% limitation for other medical expenses. The remainder of these premiums can be deducted, but is subject to the 3% rule.

DRUGS AND MEDICINES

Included in medical expenses (subject to 3% rule) but only to extent exceeding 1% of adjusted gross income (line 15, Form 1040).

OTHER MEDICAL EXPENSES

Other allowable medical and dental expense (subject to 3% limitation):

Abdominal supports, ambulance hire, anesthetist, arch supports, artificial limbs and teeth, back supports, and braces.

Capital expenditures for medical purposes (e.g., elevator for persons with a heart ailment)—deductible to the extent that the cost of the capital expenditure exceeds the increase in value to your home because of the capital expenditure. Taxpayer should have an independent appraisal made to reflect clearly the increase in value.

Cardiographs, chiropodist, chiropractor, christian science practitioner, authorized; convalescent home (for medical treatment only); crutches, dental services (e.g., cleaning teeth, X-rays, filling teeth).

Dentures, dermatologist, eyeglasses, gynecologist, hearing aids and batteries, hospital expenses, insulin treatment, invalid chair, and lab tests.

Lip reading lessons (designed to overcome a handicap).

Neurologist, nursing services (for medical care); ophthalmologist, optician, optometrist, oral surgery, osteopathy, licensed pediatrician, and physical examinations.

Physician, physiotherapist, podiatrist, psychiatrist, psychoanalyst, psychologist, psychotherapy, radium therapy, sacroiliac belt, seeing-eye dog and maintenance, and splints.

Supplementary Medical Insurance (Part B) under Medicare.

Surgeon.

Transportation expenses for medical purposes (6¢ per mile plus parking and tolls or actual fares for taxi, buses, etc.).

Vaccines.

Vitamins prescribed by a doctor (but not taken as a food supplement or to preserve general health).

Wheelchairs.

Whirlpool baths for medical purposes and X-rays.

TAXES

Real estate, State and local gasoline, general sales, State and local income, and personal property.

If sales tax tables are used in arriving at your deduction, you may add to the amount shown in the tax tables only the sales tax paid on the purchase of 5 classes of items: automobiles, airplanes, boats, mobile homes and materials used to build a new home when you are your own contractor.

When using the sales tax tables, add to your adjusted gross income any nontaxable income (e.g., Social Security or Railroad Retirement Annuities).

CONTRIBUTIONS

In general, contributions may be deducted up to 50 percent of your adjusted gross income (line 15, Form 1040). However, contributions to certain private nonprofit foundations, veterans organizations, or fraternal societies are limited to 20 percent of adjusted gross income.

Cash contributions to qualified organizations for (1) religious, charitable, scientific, literary or educational purposes, (2) prevention of cruelty to children or animals, or (3) Federal, state or local governmental units (tuition for children attending parochial schools is not deductible). Fair market value of property (e.g. clothing, books, equipment, furniture) for charitable purposes. (For gifts of appreciated property, special rules apply. Contact local IRS office.)

Travel expenses (actual or 6¢ per mile plus parking and tolls) for charitable purposes (may not deduct insurance or depreciation in either case).

Cost and upkeep of uniforms used in charitable activities (e.g., scoutmaster).

Purchase of goods or tickets from charitable organizations (excess of amount paid over the fair market value of the goods or services).

Out-of-pocket expenses (e.g. postage, stationary, phone calls) while rendering services for charitable organizations.

Care of unrelated student in taxpayer's home under a written agreement with a qualifying organization (deduction is limited to $50 per month).

INTEREST

Home mortgage, auto loan, and installment purchases (television, washer, dryer, etc.).

Bank credit card—can deduct the finance charge as interest if no part is for service charges or loan fees, credit investigation reports. If classified as service charge, may still deduct 6 percent of the average monthly balance (average monthly balance equals the total of the unpaid balances for all 12 months, divided by 12) limited to the portion of the total fee or service charge allocable to the year.

Points—deductible as interest by buyer where financing agreement provides that they are to be paid for use of lender's money. Not deductible if points represent charges for services rendered by the lending institution (e.g. VA loan points are service charges and are not deductible as interest). Not deductible if paid by seller (are treated as selling expenses and represent a reduction of amount realized).

Penalty for prepayment of a mortgage—deductible as interest.

Revolving charge accounts—may deduct the "finance charge" if the charges are based on your unpaid balance and computed monthly.

CASUALTY OR THEFT LOSSES

Casualty (e.g. tornado, flood, storm, fire, or auto accident provided not caused by a willful act or willful negligence) or theft losses to nonbusiness property—the amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) your adjusted basis in the property. This amount must be further reduced by any insurance or other recovery, and, in the case of property held for personal use, by the $100 limitation. You may use Form 4684 for computing your personal casualty loss.

CHILD AND DISABLED DEPENDENT CARE EXPENSES

The deduction for child dependent care expenses for employment related purposes has been expanded substantially. Now a taxpayer who maintains a household may claim a deduction for employment-related expenses incurred in obtaining care for a (1) dependent who is under 15, (2) physically or mentally disabled dependent, or (3) disabled spouse. The maximum allowable deduction is $400 a month ($4,800 a year). As a general rule, employment-related expenses are deductible only if incurred for services for a qualifying individual in the taxpayer's household. However, an exception exists for child care expenses (as distinguished from a disabled dependent or a disabled spouse). In this case, expenses outside the household (e.g., day care expenditures) are deductible, but the maximum deduction is $200 per month for one child, $300 per month for 2 children, and $400 per month for 3 or more children.

When a taxpayer's adjusted gross income (line 15, Form 1040) exceeds $18,000, his deduction is reduced by $1 for each $2 of income above this amount. For further information about child and dependent care deductions, see Publication 503, Child Care and Disabled Dependent Care, available free at Internal Revenue offices.

MISCELLANEOUS

Alimony and separate maintenance (periodic payments).

Appraisal fees for casualty loss or to determine the fair market value of charitable contributions.

Campaign contributions (up to $100 for joint returns and $50 for single persons).

Union dues.

Cost of preparation of income tax return.

Cost of tools for employee (depreciated over the useful life of the tools).

Dues for Chamber of Commerce (if as a business expense).

Rental cost of a safe-deposit box for income producing property.

Fees paid to investment counselors.

Subscriptions to business publications.

Telephone and postage in connection with investments.

Uniforms required for employment and not generally wearable off the job.

Maintenance of uniforms required for employment.

Special safety apparel (e.g., steel toe safety shoes or helmets worn by construction workers; special masks worn by welders).

Business entertainment expenses.

Business gift expenses not exceeding $25 per recipient.

Employment agency fees for securing employment.

Cost of a periodic physical examination if required by employer.

Cost of installation and maintenance of a telephone required by the taxpayer's employment (deduction based on business use).

Cost of bond if required for employment.

Expenses of an office in your home if employment requires it.

Payments made by a teacher to a substitute.

Educational expenses required by your employer to maintain your position or for maintaining or sharpening your skills for your employment.

Political Campaign Contributions: Taxpayers may now claim either a deduction (line 33, Schedule A, Form 1040) or a credit (line 52, Form 1040), for campaign contributions to an individual who is a candidate for nomination or election to any Federal, State or local office in any primary, general or special election. The deduction or credit is also applicable for any (1) committee supporting a candidate for Federal, State, or local elective public office, (2) national committee of a national political party, (3) state committee of a national political party, or (4) local committee of a national political party. The maximum deduction is $50 ($100 for couples filing jointly). The amount of the tax credit is one-half of the political contribution, with a $12.50 ceiling ($25 for couples filing jointly).

Presidential Election Campaign Fund: Additionally, taxpayers may voluntarily earmark $1 of their taxes ($2 on joint returns) to help defray the costs of the 1976 presidential election campaign. If you failed to earmark $1 of your 1972 taxes ($2 on joint returns) to help defray the cost of the 1976 presidential election campaign, you may do so in the space provided above the signature line on your 1973 tax return.

For any questions concerning any of these items, contact your local IRS office. You may also obtain helpful publications and additional forms by contacting your local IRS office.

OTHER TAX RELIEF MEASURES FOR OLDER AMERICANS

Required to file a tax return if gross income is at least

Filing status	*Required to file a tax return if gross income is at least*
Single (under age 65)	$2,050
Single (age 65 or older)	2,800
Married couple (both spouses under 65) filing jointly	2,800
Married couple (1 spouse 65 or older) filing jointly	3,550
Married couple (both spouses 65 or older) filing jointly	4,300
Married filing separately	750

Additional Personal Exemption for Age: In addition to the regular $750 exemption allowed a taxpayer, a husband and wife who are 65 or older on the last day of the taxable year are each entitled to an additional exemption of $750 because of age. You are considered 65 on the day before your 65th birthday. Thus, if your 65th birthday is on January 1, 1974, you will be entitled to the additional $750 personal exemption because of age for your 1973 Federal income tax return.

Multiple Support Agreement: In general, a person may be claimed as a dependent of another taxpayer, provided five tests are met: (1) Support, (2) Gross Income, (3) Member of Household or Relationship, (4) Citizenship, and (5) Separate Return. But in some cases, two or more individuals provide support for an individual, and no one has contributed more than half the person's support.

However, it still may be possible for one of the individuals to be entitled to a $750 dependency deduction if the following requirements are met for multiple support:

1. Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—together contribute more than half of the dependent's support.

2. Any one of those who individually contribute more than 10 percent of the mutual dependent's support, but only one of them, may claim the dependency deduction.

3. Each of the others must file a written statement that he will not claim the dependency deduction for that year. The statement must be filed with the income tax return of the person who claims the dependency deduction. Form 2120 (Multiple Support Declaration) may be used for this purpose.

Sale of Personal Residence by Elderly Taxpayers: A taxpayer may elect to exclude from gross income part, or, under certain circumstances, all of the gain from the sale of his personal residence, provided:

1. He was 65 or older before the date of the sale, and

2. He owned and occupied the property as his personal residence for a period totaling at least five years within the eight-year period ending on the date of the sale.

Taxpayers meeting these two requirements may elect to exclude the entire gain from gross income if the adjusted sales price of their residence is $20,000 or less. (This election can only be made once during a taxpayer's lifetime.) If the adjusted sales price exceeds $20,000, an election may be made to exclude part of the gain based in a ratio of $20,000 over the adjusted sales price of

the residence. Form 2119 (Sale or Exchange of Personal Residence) is helpful in determining what gain, if any, may be excluded by an elderly taxpayer when he sells his home.

Additionally, a taxpayer may elect to defer reporting the gain on the sale of his personal residence if within one year before or one year after the sale he buys and occupies another residence, the cost of which equals or exceeds the adjusted sales price of the old residence. Additional time is allowed if (1) you construct the new residence or (2) you were on active duty in the U.S. Armed Forces. Publication 523 (Tax Information on Selling Your Home) may also be helpful.

Retirement Income Credit: To qualify for the retirement income credit, you must (a) be a U.S. citizen or resident, (b) have received earned income in excess of $600 in each of any 10 calendar years before 1973, and (c) have certain types of qualifying "retirement income". Five types of income—pensions, annuities, interest, and dividends included on line 15, Form 1040, and gross rents from Schedule E, Part II, column (b)—qualify for the retirement income credit.

The credit is 15 percent of the lesser of:

1. A taxpayer's qualifying retirement income, or

2. $1,524 ($2,286 for a joint return where both taxpayers are 65 or older) minus the total of nontaxable pensions (such as Social Security benefits or Railroad Retirement annuities) and earned income (depending upon the taxpayer's age and the amount of any earnings he may have).

If the taxpayer is under 62, he must reduce the $1,524 figure by the amount of earned income in excess of $900. For persons at least 62 years old but less than 72, this amount is reduced by one-half of the earned income in excess of $1,200 up to $1,700, plus the total amount over $1,700. Persons 72 and over are not subject to the earned income limitation.

Schedule R is used for taxpayers who claim the retirement income credit.

The Internal Revenue Service will also compute the retirement income credit for a taxpayer if he has requested that IRS compute his tax and he answers the questions for Columns A and B and completes lines 2 and 5 on Schedule R—relating to the amount of his Social Security benefits, Railroad Retirement annuities, earned income, and qualifying retirement income (pensions, annuities, interest, dividends, and rents). The taxpayer should also write "RIC" on line 17, Form 1040.

MILITARY STRENGTH

Mr. BROCK. Mr. President, with the administration's proposed budget now in hand, we will soon be debating another military appropriations bill. Last year such a bill was passed without the sort of indepth study that is needed to move the American defense program into a post-Vietnam era. We simply cannot claim we are giving any kind of careful consideration to defense priorities if we approach the process in the usual fashion, as a matter of "cuts" and "increases."

I have proposed that an ad hoc Subcommittee on National Security be established to debate some of the broad policy questions, and in the process to develop some general baseline concepts on which to base our discussions. I have also made suggestions, in the hope that others in this body will present their ideas before we are again faced with the immediate need to pass some sort of appropriation.

Among the four specific streamlining techniques I suggested for discussion is the concept of continuing research and development of a sophisticated weapons system, while delaying production until the system is actually needed. In this way, we can preserve our technical leadership in the arms race, while we save the production costs of a system that becomes obsolete or is not needed. I was encouraged to note that Secretary Schlesinger is placing a priority on the request for $9.4 billion for new weapons research and development in fiscal 1975. We must maintain our leadership footing in weapons technology if we are to bargain from a position of strength at future sessions of the Strategic Arms Limitations Talks.

As Time magazine pointed out in the cover story of its February 11 issue, "Russia is indeed trying to surpass the American nuclear arsenal." Estimates of what the Soviet Union spends on military R. & D. range anywhere from $10 to $16 billion, or even higher. At the same time, this country's defense spending has remained essentially static since 1968, which means that in terms of constant dollars it fell. A recent column in the Wall Street Journal outlines this decline and its implications very well. I would urge my colleagues to read it, and accordingly I ask unanimous consent that it be printed in the RECORD.

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

DEFENSE SPENDING

With the approaching release of a new federal budget, the annual debate on defense spending is already gathering. The Pentagon is said to believe it will have an easier time this year, because of the passing of the Vietnam irritant and spreading realism about the nature of the Soviet regime.

If so, it will be about time. For the sad truth is that military power is by no means irrelevant to world affairs, and that the United States' military position has been sharply eroded on nearly all fronts over the last five years. Yet these realities have been obscured by a whole series of myths.

We are told, for example, of a greedy "military-industrial complex" and an "arms-race spiral." Yet the fact is that since 1968 defense spending has been essentially static, which means that in terms of constant dollars it fell. Meanwhile, as the accompanying St. Louis Fed chart shows, civilian spending ballooned. In any such comparison, the defense sector is not bloated but starved.

The Pentagon proposals for fiscal 1975 will break out of the 1968 plateau. It proposes to spend $85.8 billion, and will also ask for a $6.2 billion supplemental appropriation for the current fiscal year. But even at that, the defense part of the budget will expand less rapidly than civilian outlays.

Meanwhile the Soviet Union has been expanding its defense establishment. Problems of secrecy and exchange rates make it hard to evaluate Soviet defense spending, but after running through various calculations, the Institute for Strategic Studies in London concludes, "The equivalent dollar costs of Soviet resources devoted to defense may well be comparable to American spending and perhaps well above it."

This is confirmed by the appearance of several new Soviet strategic weapons, by the re-equipping of its tank forces in Europe, by a startling naval expansion and by its lavish support of Arab clients in their war with Israel. In area after area, the United States is falling dangerously behind.

In strategic nuclear forces, American negotiators were forced to accept inferiority in numbers and crucial throw-weight in the interim agreements on offensive weapons. The Soviet building programs were so large that without the agreements they might have increased the disparity even further. Unless the U.S. gets moving with its strategic programs, its SALT–II negotiators will face the same dismal choice.

Naval forces are particularly important to a power like the United States, which must rely on sea-lanes in nearly any military confrontation. Yet even here it has been overtaken by the Soviets, who have been historically and geographically a land power. The Institute now reports that the United States has 221 surface combat ships and 84 tactical submarines, while the Soviets have 212 surface ships and 285 submarines. By and large, also, the Soviet navy is more modern than the American one.

The resources for this Soviet buildup have come off the backs and out of the dinner plates of the Soviet people. The ability to at least match and probably outspend the United States despite a far smaller gross national product and a vastly lower standard of living tells a great deal about the Soviet regime. Alexander Solzhenitsyn tells us the same thing far more dramatically. If there is to be detente with such a regime, its absolute prerequisite is an American military posture sufficient to offset the Soviet one.

Detente probably does give us a bit of leverage with the Soviet Union; apparently the U.S. was able to exploit their need of good relations to moderate their behavior after the recent Middle Eastern war. But their adventurism in the early stages of the war shows again their tendency to be tempted by opportunity. The weakness America's European allies showed during that episode also partly reflects the decline in the American military power they once relied on for protection. As the Soviet power grows, it will be tempted more often, our allies will make further adjustments, and in times of crisis the U.S. may well have to back down in the face of Soviet expansion.

If the U.S. fails to keep a healthy military, in other words, a Soviet imperium will gradually spread over much of the globe. The survival of the United States may not be directly threatened, but the world would become a far nastier place in which to live. To avoid such an outcome the defense budget will at some point have to start upward, and this year is less likely to prove too soon than too late.

NO PEACE, NO HONOR

Mr. McGOVERN. Mr. President, this year we will be asked to consider an increased budget for military and economic aid to the Thieu government in South Vietnam.

In reality, it is a proposal to increase Mr. Thieu's wherewithal to sabotage the peace negotiated by Secretary Kissinger, to repress his own people, and to continue pressing a bloody war in violation of the Paris accords.

For the past year we have basked in the relief of having our troops and prisoners home. In order to be evenhanded, we have been anxious to believe that the continuing violence in Vietnam was the work of cease-fire violations on both sides.

In contrast, D. Gareth Porter, a scholar on East Asia from Cornell University, describes in an article in the Progressive this month how the Thieu government

has been working systematically to undermine the agreement, while the leaders of North Vietnam and the provisional revolutionary government have demonstrated an interest in making it work. And the United States, on the premise that we are helping to rebuild a war-ravaged land, has meanwhile supplied billions in aid not to sustain and strengthen the peace but to underwrite Mr. Thieu's war and his totalitarian rule.

In another article, in today's New York Times, Correspondent David K. Shipler describes American involvement in military activities in Vietnam, including not only money and material but the technicians who keep Mr. Thieu's sophisticated war machine running. Based upon what Mr. Shipler writes, it is difficult to avoid the conclusion that both the provisions of the Paris agreement and the specific enactments of the Congress are being routinely ignored, in many cases by our own activities.

These are matters we need very urgently to keep in mind as we consider upward of $3.5 billion in new aid to the Thieu regime. I, therefore, ask unanimous consent that the two articles I have mentioned be printed in the RECORD.

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

NO PEACE, NO HONOR

(By D. Gareth Porter)

After a year of heavy and continuous fighting which has left the ceasefire provisions of the Paris Agreement a shambles, South Vietnam is now closer to all-out warfare than at any time since the agreement was signed a year ago. Following President Nguyen Van Thieu's open break with the ceasefire agreement in January 1974, the only factor still limiting the fighting is that Communist forces have not yet been authorized to attack the Saigon zone or Saigon military units as such, but only to push back and punish specific offensive operations by ARVN (Army of the Republic of Vietnam).

How long this limitation will remain in effect, given the absence of any prospect for a stand-still ceasefire, depends on a number of factors difficult for outsiders to assess. But it would be naive to assume that the present state of affairs can persist indefinitely. The fighting must be brought to a halt or it will inevitably reach the 1972 level of hostilities and lead to demands by the Thieu government, and its sponsors in Washington, for the use of American airpower to save Saigon from defeat.

The task of analyzing the failure of the Paris Agreement to restore peace and assessing the responsibility for that failure has generally been avoided by the media, which prefer not to become involved in the politically sensitive issue of "blame" for the disintegration of the ceasefire. Moreover, the press has consistently given more prominence in covering the issue of the ceasefire to American charges of North Vietnamese infiltration and reminders of Communist capability of launching a new military offensive, than to the actual military actions of the two sides after the agreement went into effect.

What most of the American public has not been told is that the primary responsibility for the absence of a ceasefire, as well as for the present level of fighting, must rest squarely on the Saigon government and the Nixon Administration, which, by its silence on Saigon's actions and by its threats of reintervention, has encouraged Thieu to stay on the offensive.

The Paris Agreement could have provided a peaceful political process for resolving the conflict if Washington had seen it as in its interest to help make it effective. For the fact is that the leaders of North Vietnam and the Provisional Revolutionary Government (PRG) had a positive interest in seeing it work. The agreement, if implemented, would have provided not only a legal framework for a political solution which deprives Thieu of his claim to be the sole and final arbiter of the nation's political future, but also the peaceful conditions under which the PRG could carry on a successful campaign of political struggle against Thieu while reconstructing its own economically shattered and demographically weakened zone in Vietnam.

When it signed the Paris Agreement, therefore, Hanoi embarked on a new phase of its revolutionary strategy in the South: slowly to rebuild its own revolutionary forces while bringing about a weakening of Thieu's hold on the population through political means. A top secret directive, issued in January 1973 by the Lao Dong Party's Central Office for South Vietnam and captured by Saigon's forces soon after, made it clear that the Hanoi and PRG leaders wanted the ceasefire to work in order to pursue this strategy of political struggle. As translated by the U.S. Mission, it called on cadres in the South to mobilize the people for political struggle in order to 'create basic conditions to guarantee the implementation of the agreement, maintain peace, and enable the revolution to continue its march forward."

The People's Liberation Armed Forces (PLAF) were not to attempt to improve their military or territorial position but to "firmly maintain our new strategic deployment by protecting our base areas and liberated areas, protecting our party, administration and people, [and remaining] ready to take the initiative in any circumstances to smash the enemy's plot to resume hostilities."

This basic strategy, which was supported by more specific directives to military units to observe the ceasefire during the first sixty days, gave the Nixon Administration the opporunity to avert a military resolution of the conflict it had always claimed it wanted to gain. But that would have meant making it clear to Thieu that the United States would not tolerate blatant violations of the ceasefire by Saigon's forces. And the Nixon Administration was apparently not prepared to put any such limitations on Thieu. Instead, when the ceasefire deadline arrived, the Administration continued to arm Thieu as he ordered his forces to go on the offensive all across the country.

In order to regain control of the highways, Thieu mobilized a number of infantry regiments to smash through the PRG roadblocks and clear opposing forces from strategic hills, along the roads—operations which in some cases went on for more than two weeks. On the Central Coast, at Sa Huynh, Quang Ngai Province, where the PRG had captured a potenial seaport the night before the ceasefire deadline, Saigon launched a three-week offensive on January 28, 1973, to retake the area. And in Quang Tri, ARVN Marines launched what was officially described as a "last minute" offensive against a key PLAF naval base at the mouth of the Cua Viet River. While they claimed the remarkable feat of having captured the base just two minutes before the ceasefire deadline, no outside observer was there to verify the claim, and it is doubtful that they ever did gain full control of the base, since they were reported the following day to have retreated with heavy losses.

The Saigon government also tried to grab as many villages as it could following the ceasefire deadline. One American official told *The Washington Post* that about 350 hamlets had been seized by the PRG *before* the deadline and that it took Saigon about three weeks to recapture all of those hamlets as well as some controlled by the PRG for much longer periods. Moreover, those PRG villages which could not be entered on the ground were subjected to air and artillery attacks wherever they were in range of ARVN bases or the South Vietnamese air force.

Perhaps the most significant aspect of this offensive, however, was that Thieu ordered his troops to begin to move back into areas which had been lost during the 1972 offensive, when ARVN was forced to pull back from hundreds of posts around the country where it had been overextended. ARVN troops moved into both the PRG zone and contested areas to build new permanent military outposts and thus try to establish control over the area, in violation of Article Two of the cease-fire protocol, which provides that there can be "no major redeployments or movements that would extend each party's area of control."

For example, ARVN built new outposts all along Route Four between My Tho and Vinh Long, making that area one of the major battlegrounds throughout 1973. In nearly Kien Hoa province, ARVN troops constructed outposts in a well-established Communist base area near Giong Trom. Other such operations in the Mekong Delta as well as on the Central Coast, in places where Saigon had lost ground in 1972, were the subject of many PRG demands for investigations by the International Control Commission; they were also the cause of much of the fighting. As the U.S. Defense Attache's Office admitted to Senate Foreign Relations Committee investigators in April 1973, Saigon had "initiated several operations designed to expand areas of control," to which the PRG had "reacted strongly."

After two months during which the PLAF had deliberately maintained a low profile, foregoing the use of main force units in defending against Thieu's "nibbling operation," the Lao Dong Party issued a second directive that discussed the problems which had arisen since the agreement was signed and how to deal with them. This document, published by the U.S. Mission in September and, like the earlier directive, ignored by the American press, revealed even more clearly how the PRG's military policy was related to its long-term revolutionary strategy. Pointing out that the situation in the South was "not yet stable" due to the "police operations and aggression and infringement" by the Saigon government, the directive nevertheless reaffirmed the strategy of "mobilization of the masses to stand up in large numbers and struggle" so as to "force the enemy to implement, step by step, the ceasefire agreement, even though he might be totally obstinate. . . ."

As for the PLAF, the directive specified that when Saigon's forces attacked, it had to "fight back and eradicate the enemy," but that any military response had to contribute to the political objective of strengthening the Paris Agreement: "We are not opening a military campaign of attacks everywhere; we only attack to extinguish plots of destruction and obstruction, to force the enemy to implement the ceasefire and the Agreement and not to prolong the war or to return to the war of the past."

Despite the Kissinger-Tho communique of June 13, 1973, calling anew for the full implementation of the ceasefire and the political provisions of the Paris accord, reporters in Vietnam found that Saigon's commanders had received no ceasefire orers. Instead, Saigon's offensive operations were noticeably stepped up.

In one of the most significant offensives, two regiments of Saigon's Twenty-second Infantry Division and three battalions of rangers were moved into Northern Binh Dinh Province in August and September to seize twenty square miles of riceland from the PRG. The heavy fighting in this area during

these months had been routinely attributed by ARVN spokesmen in Saigon to North Vietnamese attacks. But then Thomas Lippmann of *The Washington Post*, tipped off by a U.S. official who feared that the ARVN offensive in Binh Dinh was going to trigger a major military response in the area by the Communists, went to Binh Dinh to get the real story from ARVN officers themselves. Similar land-grabbing operations were carried out during the summer in Quang Nam and Quang Ngai provinces.

Despite the fact that Thieu had been able to violate the ceasefire with relative impunity, at least in terms of American reactions, it now seems clear that by the autumn of 1973 South Vietnam's president, who had never made any secret of his hostility toward the agreement, wanted to return to a situation of all-out warfare as soon as possible. He hoped it could be presented as Sagon's response to an offensive by the other side.

There were apparently several considerations which weighed heavily in Thieu's decision to move toward an early and open break with the Agreement. First, the very fact that he had to continue negotiating with the PRG over the political outcome in South Vietnam impaired his regime's legitimacy and lent credence to the idea that there were indeed two administrations in the country, as the PRG claimed. These negotiations, and the National Council of National Reconciliation and Concord to which they were intended to lead, also implied that his own government's sovereignty was only temporary—even in his own zone. Second, his defiance of the provisions of the Paris Agreement which called for the restoration of democratic freedoms was the subject of sharp political attacks by the opposition in Saigon, who also charged that his carefully rigged Senate elections on August 27 violated the spirit of the Agreement. Thieu was clearly irritated by these criticisms and felt that he was being put on the political defensive.

Probably more important in Thieu's calculations, however, was his feeling that Saigon faced a military showdown with the Communists at some point anyway, and that it might as well come early, when, if he could obtain U.S. air support, it would be on his terms. Seeing the growing mood of nonintervolvement in the United States as well as the deepening political crisis of his primary ally, Richard Nixon, Thieu recognized the indefinite continuation of limited war as dangerous to him in the long run.

Thieu had to reopen the possibility of American bombing in Indochina, which Congress had at least temporarily closed during the summer of 1973. His strategy for bringing about the complete breakdown of the agreement and a return to full-scale war with U.S. air support consisted of (1) a concerted propaganda campaign to create American anticipation of a Communist offensive, and (2) the launching of his own "preemptive" attacks against the other side, which he hoped would provoke a significant Communist military response. *Any* Communist attack could then be portrayed to the American public as the start of the alleged Hanoi offensive.

It was a desperate strategy, but it could succeed if Thieu were able to persuade the Western press to concentrate on speculation about an imminent Communist offensive rather than on covering his own offensive operations. Thus, at the beginning of October, he launched his campaign to focus media attention on an alleged Communist plan for a "general offensive," which he said would come early in 1974. U.S. intelligence analysts concede that these charges came at a time when there was no evidence whatsoever of any such plan. Traveling from one military base to another, Thieu coupled his charges with calls for "preemptive attacks" by ARVN units against the Communist forces in their areas. The results were soon apparent: Saigon's air force, without any public announcement, vastly increased its bombing attacks on the PRG zone, especially in Tay Ninh, Gia Dinh, and Bien Hoa provinces north of Saigon, portraying these sorties to correspondents as "preventive attacks."

At the same time, ARVN troops launched new offensive operations into PLAF base areas, not simply to expand Saigon's areas of control but to attack PLAF main force units, presumably in order to provoke Communist attacks in response. At the end of September, three battalions of Regional Forces and two of the Twenty-fifth Infantry Division were ordered to assault a long-standing PLAF base area in Tay Ninh Province, where they were ambushed and had to retreat with heavy losses, as ARVN soldiers told reporters in Tay Ninh after the battle. The Saigon spokesman charged, however, that a Communist regiment had attacked two ARVN battalions at their base, and the Thieu government continues to cite this battle as a major Communist violation of the ceasefire.

For their part, the Hanoi and PRG leaders had decided by the beginning of October that they had to push back harder in response to Saigon's military pressures against PRG territory, which had been reduced by then by as much as five to ten per cent of its original area at the time of the Agreement. Directives went out at the beginning of October to local units to punish Saigon's offensive operations by attacking not only the units so engaged but their rear bases as well. The directives added, however, according to U.S. intelligence analysts, that the purpose of such counterattacks was still limited to punishing Saigon's ceasefire violations and that they must not cause the breakdown of the ceasefire itself.

The PLAF then began to roll back some of Saigon's earlier expansion into the PRG zone. On October 12, ARVN troops were forced to withdraw from Bach Ma outpost, which they had established on a previously unoccupied mountain top after the ceasefire in an effort to push beyond the ceasefire line in Thua Thien Province. (Saigon has since claimed this to be another major Communist violation of the ceasefire.) The PRG also claimed, in October, to have forced Saigon troops to retreat from a number of posts built since the ceasefire in My Tho and Kien Phong provinces.

Finally, on November 4, the PLAF overran the newly built ARVN bases in Quang Duc as well as two of the three pre-ceasefire bases in the province, one of which was the command post for ARVN's military operations there. Two days later, the PLAF overran the last ARVN military outposts in Quang Duc and launched a rocket attack against Bien Hoa air base, the source of the heavy bombing attacks on PRG villages and military units in the Third Military Zone.

The Thieu government immediately seized on these PLAF counterattacks to move another step toward an open rupture and renunciation of the entire Agreement. Declaring that the "Third Indochina War" had begun, Saigon ordered fifty air force planes to bomb civilian targets in Loc Ninh, the only PRG town which has direct communications with Saigon via the twice-weekly flights under the auspices of the Joint Military Commission. Then, in a broadcast on November 8, Saigon Radio quoted a military spokesman as threatening to "launch operations deep into their sanctuaries" to punish alleged PRG violations of the ceasefire. And on the same day, the Saigon press spokesman said his government's policy was to respect the Agreement "as long as its good will allows." When pressed to clarify the statement, he said, "If they launch a big offensive—and small attacks around the country could also be considered a big offensive—the negotiations can break up."

The Loc Ninh bombing, and the two statements which came on its heels, were clear signals that the Saigon government wanted to find a pretext for breaking off the negotiations and that they were ready to renounce any limitation on their military activities. They anticipated later statements by Thieu to the same effect. On December 28, Thieu said that he wondered "whether or not we should continue to be at the bargaining tables." And on January 4 of this year, Thieu, again raising the specter of a Communist offensive—now discounted by U.S. intelligence—ordered his troops to carry out operations "in the areas where their army is now stationed" and declared, "As far as the armed forces are concerned, I can tell you the war has restarted."

Thieu's open defiance of the Paris Agreement clearly reflects the fact that he has been given a virtually free hand by the Nixon Administration. In addition to replacing everything Thieu's forces have used up on the battlefield, the Administration seems bent on increasing his military strength. Disregarding Article Seven of the Agreement regulating "piece by piece" replacement of military equipment, the Pentagon has decided to supply Saigon's air force with F–5E aircraft, which are far more advanced than the F–5A's they now have. (Article Seven permits only the provision of weaponry "of the same characteristics and properties" as those being replaced.)

The New York Times has reported $813 million in U.S. military aid being sent to Thieu in fiscal 1974, and Pentagon plans for $1 billion more thereafter to enlarge and modernize Saigon's forces. Some 8,000 "civilian" advisers and technicians have been provided to assist Thieu's military and police for three to five more years. On top of all this, the Secretary of Defense has promised to ask Congress for authorization to intervene with air power in the event of a Communist offensive.

Saigon's complete military and economic dependence on Washington gives the United States the key to peace in South Vietnam. But while Secretary of State Kissinger insists that Hanoi's suppliers restrain the Communist forces, the United States is giving Thieu the green light to wage unlimited war against the PRG. Whether or not this reckless gamble results in the renewal of American military involvement, for which Thieu so fervently hopes, the main victims of the Kissinger-Nixon-Thieu policy are once again the Vietnamese people, who are being cheated of the peace they were promised a year ago and instead subjected to savage and unending war.

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

VAST AID FROM UNITED STATES BACKS SAIGON IN CONTINUING WAR

(By David K. Shipler)

SAIGON, SOUTH VIETNAM, February 16.—Ray Harris of Ponca City, Okla., has come back to Vietnam. This time he is not behind the machine gun of an Army helicopter but behind a workbench at Bien Hoa air base, sitting next to South Vietnamese Air Force men and repairing jet fighter engines.

Mr. Harris is a civilian now, safer and better paid. But his changed role in the continuing Vietnam war has scarcely diminished his importance, for as a 27-year-old jet-engine mechanic he remains as vital to the South Vietnamese military as he was in 1966 as a 19-year-old helicopter gunner.

He is among 2,800 American civilians without whose skills South Vietnam's most sophisticated weapons would fall into disrepair. Employed by private companies under contract to the United States Defense Department, these men constitute one facet of a vast program of American military aid that continues to set the course of the war more than year after the signing of the Paris peace agreements and the final withdrawal of American troops.

Whether the United States is breaking the letter of the agreements could probably be argued either way. But certainly the aid directly supports South Vietnamese violations and so breaks the spirit of the accords.

The United States, far from phasing out its military involvement in South Vietnam, has descended from a peak of warfare to a high plateau of susbtantial support, dispatching not only huge quantities of weapons and ammunition but also large numbers of American citizens who have become integral parts of the South Vietnamese supply, transport and intelligence systems.

These include not just the Vietnam-based mechanics and technicians but also the Pentagon-based generals who tour airfields to ascertain the needs of the South Vietnamese Air Force, the "liaison men" who reportedly give military advice from time to time, the civilian Defense Department employes who make two-to-three-week visits to provide highly specialized technical help, and the Central Intelligence Agency officials who continue to advise South Vietnam's national police on intelligence matters.

The total budgeted cost of military aid to South Vietnam is $813-million in this fiscal year, and the Pentagen has asked Congress for $1.45-billion next year, with most of the increase probably going for ammunition, which the South Vietnamese forces have expended at a high rate.

TRUE COST EVEN HIGHER

The true costs of the military support probably rise considerably above the official figures. Some of the aid, for example, comes in through economic programs that dump millions in cash into the Saigon Government's defense budget. And other costs—salaries of Pentagon technicians who make special visits, for example—are hidden in the vast budgets of the United States Air Force, Army and Navy and are not labeled "Vietnam."

These valuable military goods and services have a sharp political impact. They are indispensable to the South Vietnamese Government's policy of resistance to any accommodation with the Communists. Militarily, the extensive aid has enabled President Nguyen Van Thieu to take the offensive at times, launching intensive attacks with artillery and jet fighters against Vietcong-held territory.

Furthermore, the American-financed military shield has provided Mr. Thieu with the muscle to forestall a political settlement. He has rejected the Paris agreements' provision for general elections, in which the Communists would be given access to the press, permission to run candidates and freedom to rally support openly and without interference from the police.

VIETCONG MAINTAIN PRESSURE

Mr. Thieu has offered elections, but without the freedoms. The Vietcong, refusing to participate unless the freedoms are guaranteed, have maintained military pressure throughout the country, mostly with artillery and rocket attacks on Government outposts and, from time to time, with devastating ground assaults against Government-held positions.

United States intelligence officials contend that continuing American aerial reconnaissance, as well as prisoner interrogation and radio monitoring, shows that the North Vietnamese have sent thousands of troops and hundreds of tanks and artillery pieces south in violation of the Paris agreements. They have also refurbished a dozen captured airfields and built a large network of roads that threatened to cut South Vietnam in two.

Yet in battle the Communists appear more frugal with ammunition than the Government troops, who have been seen recently by Western correspondents spraying artillery across wide areas under Vietcong control as if there was no end to the supply of shells. This difference has bolstered the view of some diplomats that China and the Soviet Union, unwilling to support an all-out offensive now, have placed limits on the rate of resupply to Hanoi.

Amid the political stalemate then, the inconclusive war continues.

KEEPING JETS IN THE AIR

Ray Harris is at his workbench in the huge engine shop at the Bien Hoa air base just north of Saigon. He works for General Electric, which manufactures the jet engine that drives the Northrop F–5 fighter, the mainstay of Saigon's air force.

He hunches over a circular fuser assembly, the last part of the engine before the afterburner. The assembly is invisibly cracked, and Mr. Harris is using a machine about the size of a dentist's drill to grind down the metal so the crack can be welded.

There are Americans everywhere in the shop, which is devoted to repairing and overhauling fighter and helicopter engines. There is virtually no workroom or machine or assembly line where Americans are anything less than essential parts of the process. Although a few are training Vietnamese to take over the work eventually, most are simply doing the work, especially the highly technical jobs, themselves.

The line where rebuilt jet engines are finally assembled, for example, looks more like a factory somewhere in the United States than a shop belonging to the Vietnamese Air Force. Eight or 10 Americans work on several engines, and not a Vietnamese is in sight.

There are 25 Vietnamese assigned here, a technician says with a shrug, but he adds, "I never see them."

OUTPUT IS KEPT HIGH

Ken Martin of G.E. is crouching with another American behind a jet engine that he has just assembled himself in four 12-hour days. Without the American technicians, he says the shop could produce no more than 40 per cent of what it does. Another American, asked what would happen if he and his colleagues pulled out, replied, "This would turn into a big Honda repair shop."

As self-serving and exaggerated as these assessments seem, they underscore the long-term military role that American civilians will have to play if the South Vietnamese are to have continued use of their complex weapons.

Without long training, mechanics in any modern air force probably could not match the skills of the American technicians, most of whom are not young Vietnam war veterans like Mr. Harris but seasoned experts who have been building and rebuilding engines for years on bases here in in the United States.

"Most of our people—this is the only work they've ever done," said Glenn Miller, the 47-year-old G.E. supervisor at the shop. Mr. Miller has 22 years' experience with the company, all on jet engines.

His men are so vital that they—and those working on helicopters for Lycoming Aircraft—were all placed on 12-hour shifts last month during the week before Tet, the Lunar New Year holiday. Their objective was to get as many aircraft flying as possible, Mr. Miller explained, to be ready for any Communist offensive.

ABOUT $1,000 IN A LONG WEEK

Mr. Miller figures that with overtime and other bonuses, some of the men made $1,000 apiece that week.

High pay is cited by many of the civilians as the main reason for their choice of Vietnam as a place of work. After a year on the job G.E. employes get double their base salaries, bringing the average pay to $20,000 or more, plus $16 a day for food and lodging—an annual total in excess of $25,000.

Since living costs are low by American standards, and since the employes do not have to pay any Federal income tax on $20,000 a year if they are off American soil for at least 18 months, many say they save a good deal of money. Some add that the money has become a silent source of resentment among the Vietnamese Air Force men, who earn only $10 to $35 a month.

This, plus profound war-weariness, has made many Vietnamese men difficult to teach, the contractors say. "They are only kids, all of them—they don't want to be in the military to begin with," said Elmer Adams, a former United States Air Force man who works for Lycoming supervising helicopter repairs.

"It's a lack of desire," said a technician for Cessna Aircraft working at the Da Nang air base. "They're been under so much pressure for so long they just want peace. They're peace-minded."

CRITICISM OF AMERICANS

It was said sympathetically, and the Cessna man went on: "All they know is that Americans came over here and tore up their country, unrooted their villages and now they're looking for food."

Gilbert Walker, another technician, who asked that his company not be identified, observed: "The people I talk to in town care very little about the form of government they have. I guess I don't feel much difference. I don't feel too much admiration for the present Government."

In that case, he was asked, why is he helping the South Vietnamese carry on the war? "I work for my company and I try to keep the aircraft flying," he replied. "I'm working on helicopters, that's all I know. Sometimes I sit back and think, What's it all for, what's the good of it all? It seems like an exercise in futility, what I'm doing."

Futile or not, the Americans' work has carried some of them to positions of considerable authority in the South Vietmanese military supply system. The South Vietnamese still call many of them "co van," which means "advisers," and the American office at the Da Nang base has a big sign over the door that reads, "Co Van."

The Americans often come to identify closely with their jobs, perhaps taking more responsibility than their contracts call for. In a revealing slip of the tongue, Mr. Adams of Lycoming looked around the Bien Hoa engine shop and remarked, "We're in the process—they're in the process, rather—of reorganizing the shop."

MANY STILL ON PAYROLL

The fact is that supply and transportation have remained an American operation. "We Vietnamized logistics," said a Defense Department official based in Saigon.

That is reportedly the principal reason the United States Defense Attache's Office—originally scheduled to be dismantled early this year—still contains about 1,150 people, of whom 50 are military men, according to official figures.

In addition, the reduction in the number of Americans working for private defense contractors has halted, allowing the figure to level off at approximately 2,800, down 2,200 since July, according to a spokesman for the Defense Attaché's office.

The logistics effort—provision of maintenance, ammunition, weapons, trucks, fuel, electronics parts and the like—is now the basis for the Americans' most pervasive and intimate contacts with the South Vietnamese military. Depending on how such terms as "military" and "advisers" are defined, there is evidence that the contacts occasionally cross into areas of relaitonship prohibited by the Paris agreements.

"The United States will not continue its military involvement or intervene in the internal affairs of South Vietnam," Article 4 of the cease-fire agreement declares.

"TOTAL WITHDRAWAL"

Article 5 says: "Within 60 days of the signing of this agreement, there will be a total withdrawal from South Vietnam of troops, military advisers and military personnel, including technical military personnel and military personnel associated with the pacification program, armaments, munitions and war material of the United States and those of the other foreign countries mentioned in Article 3(a). Advisers from the above-mentioned countries to all paramilitary organizations and the police force will also be withdrawn within the same period of time."

According to both American and South Vietnamese officials, the American civilians—both employes of private companies and those of the Defense Department—who help with supply activities not only see that the South Vietnamese get the equipment and ammunition they ask for but also advise them on what to ask for.

Some of these activities came to light as a result of the capture by the Chinese last month of a former United States Army Special Forces captain, Gerald E. Kosh, who was aboard a South Vietnamese naval vessel during a two-day battle with Chinese forces in the Paracel Islands, in the South China Sea.

Mr. Kosh, who was taken prisoner and later released, was described by a spokesman for the United States Embassy as a "liaison officer" with the South Vietnamese military whose job was to observe the efficiency of various army, navy and air force units and report to the Pentagon.

American officials steadfastly refused to provide further details of Mr. Kosh's job. They would not say exactly what he was supposed to observe or whether his reports were ultimately shared with the South Vietnamese. They did say that there were 12 such liaison men based in various parts of Vietnam.

EXTENT OF ROLE UNCLEAR

What is not clear is whether they confine their observations to such matters as the condition of equipment and the rate of ammunition expenditure, or whether they evaluate military tactics and strategies and go so far as to suggest alternatives.

What is fairly certain is that their reports end up in the hands of the South Vietnamese, perhaps providing indirect advice of one sort or another.

A South Vietnamese officer in a position to know said recently that normal procedure called for an American and a South Vietnamese to make an inspection or auditing tour of a military unit together. Then they write up their reports, sometimes separately, sometimes together. The reports, he said, are forwarded up the chain of command in the United States Defense Attaché's Office, which then relays copies of them to Lieut. Gen. Dong Van Khuyen, head of the Logistic Command for the South Vietnamese Joint General Staff.

More direct, overt advice is sometimes given by zealous Americans who are still stationed in every province. An embassy official reported recently that an American based in one province boasted to him about a successful military operation: "I told them to clear the Communists out of there."

Actually, South Vietnamese military men do not seem anxious for such guidance, noting with some pain that their country has suffered for years under American advice. What they want from the United States is military aid.

SIX GENERALS PAY A VISIT

Clearly, the Pentagon continues to attach high priority to the success of the South Vietnamese military. Last fall a group of six Air Force generals based in the Pentagon visited the Da Nang air base to find out what equipment and aid were needed, according to the base commander, Lieut. Col. Nguyen Tan Dingh. He said they were scheduled to come again this month.

A few weeks ago two civilian employees of the Air Force—one based in Hawaii and the other in Texas—were flown to Vietnam for a short stay so they could give advice on the repair and upkeep of plants that manufacture oxygen for jet fighters. One said he had been in and out of Vietnam frequently on similar missions since 1964, the other since 1968.

Although the Paris agreements explicity rule out advisers to the police force, the South Vietnamese National Police continue to receive regular advice from Americans.

In a recent conversation with this correspondent, two high-ranking officers said they and their staffs met frequently with the Saigon station chief of the C.I.A. and his staff. Sometimes, they said, the C.I.A. chief asks the police to gather intelligence for him, and often they meet to help each other analyze the data collected.

A police official confirmed that in some provinces "American liaison men" who work with the police remain on the job. "There are still some, but not so many," he said.

EPISODE IN POLICE STATION

Local policemen still refer to "American police advisers," according to James M. Markham, Saigon bureau chief of The New York Times, who was detained by the police late in January after a visit to a Vietcong-held area.

Mr. Markham said that in both Qui Nhon, where he was held overnight, and Phan Thiet, where he was detained briefly while being transferred to Saigon, policemen, talking among themselves, referred to the "police adviser." In Phan Thiet, he reported, a policeman was overheard saying, "Let's get the American police adviser over here."

In the last six weeks The New York Times has made repeated attempts to interview officials in the United States Agency for International Development who are responsible for American aid to the police. Although the officials appeared ready to discuss the subject, they were ordered by the United States Ambassador, Graham A. Martin, to say nothing.

In the absence of official United States figures, the best information on police aid comes from Senator Edward M. Kennedy, who calculated that as of last June 30 the Agency for International Development and the Defense Department has spent $131.7-million over the years for police and prisons in South Vietnam. Despite a Congressional ban on such assistance enacted last December, such support has continued, according to American officials, but they say that no decision has yet been made on how to phase out the programs.

Section 112 of the new foreign aid bill reads: "None of the funds appropriated or made available pursuant to this act and no local currencies generated as a result of assistance furnished under this act may be used for the support of police or prison construction and administration within South Vietnam, for training, including computer training, of South Vietnamese with respect to police, criminal or prison matters, or for computers, or computer parts for use for South Vietnam with respect to police criminal or prison matters."

TRAINING IN WASHINGTON

South Vietnamese policemen are reportedly still being trained at the International Police Academy in Washington, and technical contracts with private companies that provide computer services and communication equipment have not been terminated.

Senator Kennedy reported that the Nixon Administration had requested $869,000 for the current fiscal year for police computer training, $256,000 for direct training of policemen, $1.5-million for police communications and $8.8-million for police equipment, presumably weapons and ammunition, from the Defense Department.

Although these figures are not normally included in the totals for military aid, the police here have military functions, and engage in infiltration, arrest, interrogation and torture of Communists and political dissidents.

This activity violates the cease-fire agreement, which states in Article 11: "Immediately after the cease-fire, the two South Vietnamese parties will . . . prohibit all acts of reprisal and discrimination against individuals or organizations that have collaborated with one side or the other, insure . . . freedom or organization, freedom of political activities, freedom of belief."

INTERVIEWS ARE REFUSED

Not only has Ambassador Martin ordered American officials to remain silent on the subjects of military and police aid; both he and the Defense Attaché, Maj. Gen. John E. Murray, refused requests by The New York Times for interviews. Furthermore, the embassy told at least two private companies—Lear-Siegler, which employs a large force of aircraft mechanics here, and Computer Science Corporation, which works on military and police computer systems—to say nothing publicly about their work, according to company executives.

The official nervousness is attributed by an embassy employe to the Nixon Administration's apprehension about the inclination of Congress to cut aid to South Vietnam. The Ambassador has reportedly told several non-Government visitors recently that South Vietnam is in a crucial period and that he sees his role as unyielding support to build up and preserve a non-Communist regime.

He is reported to have pressed Washington to provide new weapons for Saigon to counteract the infiltration of troops, tanks and artillery from North Vietnam since the cease-fire. For example, plans have been made for the delivery of F-5E fighter planes to replace the slower, less maneuverable and less heavily armed F-5's, many of which were rushed to South Vietnam in the weeks before the cease-fire.

VIOLATION IS CHARGED

Privately, officers in the International Commission of Control and Supervision scoff at the American contention that supply of the planes does not violate the Paris agreements, which permit only one-for-one replacement of weapons "of the same characteristics and properties." A high-ranking official of one of the non-Communist delegations, asked recently if he thought the United States was faithfully observing the one-for-one rule, replied, "Of course not."

There is nothing the commission can do about it without permission from both the South Vietnamese Government and the Vietcong to investigate, and permission is unlikely to be forthcoming from the Saigon side. Similarly, the commission has been unable to audit other incoming weapons and ammunition for both sides. During the first year after the cease-fire, the United States provided South Vietnam with $5.4-million worth of ammunition a week, apparently unaccompanied by pressure to restrain military activities.

Several weeks ago Elbridge Durbrow, who was Ambassador to South Vietnam from 1957 to 1961, came to Saigon and met with Ambassador Martin and General Murray. Mr. Durbrow, who denounced the Paris agreements and who declares, "I am a domino-theory man," was asked by newsmen whether the American officials had indicated that they were trying to keep South Vietnam from violating the cease-fire.

"Not from anybody did we hear that," he replied. Then, referring to General Murray, he said: "He's not that kind of man at all—just th opposite. If you are not going to de-

fend yourself you might as well give up and let Hanoi take over."

ENERGY IDEAS FROM CALIFORNIANS

Mr. CRANSTON. Mr. President, Washington, D.C., is not the only place where people are doing serious thinking about the energy crisis. Not by any means.

My mail last month was full of good ideas from Californians for conserving our fuels and for developing new sources of energy. I ask unanimous consent that just a few of the hundreds of interesting ideas that were sent in to my Washington office be printed in the RECORD.

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

ENERGY IDEAS FROM CALIFORNIANS

"My husband changes the oil in our car every 4,000–8,000 miles. What happens to all that discarded oil? Can it be re-cycled for heating purposes? If service stations can collect and re-cycle motor oil, how about the thousands like us who change their own oil? Depots could be set up where people could discard used oil."—Mrs. Juanita Hendrickson, Smith River.

"Why do businesses have to keep their outside advertising lights long after they are closed at night? Why do billboards have to be lit? In a city the size of San Jose, the savings from turning off outdoor lighting displays would be enormous."—Elizabeth Fortin, San Jose.

"By making California's right turn on red light legal across the country, we could minimize idling and excessive stop-and-start traffic, thus conserving gasoline. Also synchronize all traffic signals to facilitate traffic flow.—John Patton, Los Gatos.

"I recently visited Israel and saw solar heaters in wide use heating water for households. I would think heaters of this type could be similarly used in the United States as well—at least in the southern states."—Rudolf Steiner, Los Angeles.

"The underground gasification of coal is an extremely promising remedy for many of our energy problems. In this process two or more wells are driven into the strata which contain veins of coal. Air or oxygen is pumped down through one of these wells and the coal is set 'afire.' The burning process is incomplete so the gases which emerge from the second well are rich in the chemical constituents of fuels."—James Goodykoontz, Santa Monica.

"The Indianapolis 500 should be changed to make awards based on miles-per-gallon per pound weight of car, rather than speed. This would stimulate the auto industry to produce a true economy car and reduce the potential for fatal accidents like last year."—John Walling, Sunnyvale.

"How about a federal employees shuttle bus system in communities where large numbers of federal buildings and installations are located? In Los Angeles where there are ten major federal locations, a minimum of 6 buses could move thousands of federal employees to and from work with enormous savings in fuel and reduced air pollution."—John M. Embry, Inglewood.

"In El Cajon they're creating methane gas from garbage. The same is being done with sewage at Huntington Beach and the methane gas created runs their municipal industrial plants. The know-how already exists. So does an unlimited and perpetual source of raw material. All that is missing is the will and the money—two problems that Congress could solve in a hurry."—John E. Harrison, Oceanside.

"The Navy has run torpedoes on pure alcohol for 50 years. Many other machines have been run effectively with a mixture of gasoline and alcohol. Alcohol and similar gases and liquids can be produced from sugar, grain, silage, garbage, wood, etc. Why not a new fuel?"—Rear Admiral R. H. Rodgers, USN, Ret., San Diego.

"Use of alcohol for auto fuel would eliminate air pollution. It would also solve the gasoline crisis. Conversion of auto engines to use alcohol would create many jobs. Race car fuel even now is largely methanol, a refined wood alcohol."—Lyle Litton, Auburn.

"At the Lawrence Berkeley Laboratory, we are saving one half to two-thirds of our fuel bill in certain buildings by shutting down the heat systems at night and on weekends, and by lowering the room thermostats. Another area where a significant savings can be made is in the use of pilot lights which continuously burn gas. It is estimated that such pilot lights waste the equivalent of one-sixth of a million barrels of gasoline per day."—Andrew M. Sessler, Director, Lawrence Berkeley Laboratory, Berkeley.

"Has anyone given thought to the practicality of using our Navy ships to generate power in coastal cities? I don't mean the nuclear ships so much as the turbo-electrics and the "mothballed" steamers. They produce a large amount of electricity and have been used on occasion to furnish power in disaster areas."—E. R. Stowell, Oakland.

EXTENSION OF USDA SPECIAL AUTHORITY TO PURCHASE FOODS AT MARKET VALUE FOR DISTRIBUTION TO EDUCATIONAL AND CHARITABLE INSTITUTIONS

Mr. DOMENICI. Mr. President, recently the Department of Agriculture has clearly indicated its intention to discontinue the purchase of commodities which have been of so much benefit to American schools, charitable institutions and summer camps for children. I view this development with mixed emotions for I have supported the concept of conversion to a system of "target prices" rather than the direct purchases used in the Department's past market administration programs. The loss to New Mexico school children of in excess of $2 million per year of USDA donated foods is alarming. It is somewhat offset by USDA's plans to provide 7 cents per school lunch to each school to purchase foods to replace the last distribution. School lunch officials in New Mexico fear that rising wholesale food costs and their lack of comparative volume buying power will significantly reduce the purchasing power of this 7 cents.

Additionally, I am unaware of any USDA plan to provide money in lieu of the foods now going to charitable institutions and summer camps for children. The New Mexico Legislature is aware of these potential losses and has addressed them in House Joint Memorial No. 14 which was signed by Gov. Bruce King in February of this year. I share this concern and ask unanimous consent that this joint memorial be printed in the RECORD.

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

HOUSE JOINT MEMORIAL NO. 14

A joint memorial requesting the Congress of the United States to enact legislation extending the authority of the United States Department of Agriculture to purchase food items at market prices for distribution to the needy and to educational and charitable institutions

Whereas, the United States department of agriculture has had increasing difficulty in acquiring the variety and quantities of various food items that they historically have been purchasing and distributing to needy persons in households, schools operating a non-profit food program, charitable institutions, orphanages, child care centers and similar agencies serving the needy; and

Whereas, the restrictive provisions of the Agriculture and Consumer Protection Act of 1973 imposed limitations on the variety and quantities of food that could be purchased for food distribution programs, and, to alleviate this problem, congress enacted Section 4(a) of Public Law 93–96 to authorize the department of agriculture to purchase food at market prices until June 30, 1974; and

Whereas, an extension of Section 4(a) of Public Law 93–86 is needed to allow the food help programs for the needy, the school and institutional recipient agencies and other food programs to reap the benefits of the ability of the United States department of agriculture to purchase in volume based upon expert guidance on the availability and quality of food;

Now, therefore, be it resolved by the legislature of the State of New Mexico that the congress of the United States be requested to enact legislation to extend the provisions of Section 4(a) of Public Law 93–86 until June 30, 1975 or any later date; and

Be it further resolved that copies of this memorial be transmitted to the speaker of the United States house of representatives, the president pro tempore of the United States senate, Senators Brooke, McGovern and Kennedy and to the New Mexico delegation to the Congress of the United States.

NATIONAL STUDENT LOBBY

Mr. HUMPHREY. Mr. President, last evening I had the special privilege of addressing the third annual conference of the National Student Lobby. This organization, sprung from early successful student lobbying efforts in California, has a membership of 300 colleges and universities and more than 2.4 million students from across the country.

These young people have determined that they have a stake in the policies of government. They have set about to make known their views on issues which vitally affect their ability to take advantage of meaningful educational opportunities.

Delegates to the conference will converge today on the offices of Senators and Congressmen to express their concerns on a number of specific issues, such as problems of skyrocketing tuition, the need to continue guaranteed student loans, proposed reductions in college work-study funds, assuring a full minimum wage for students and young people, and instituting reduced air fares where feasible. As citizens, voters, and, very often, taxpayers, these students have a right to be heard. I urge my colleagues here and in the House to listen to the voices of these young people.

Mr. President, I call to the attention of the Senate an address by Willis Edwards, chairman of the board of directors of the National Student Lobby, as well as a Los Angeles Times article which relates to the conference which now is in progress.

I ask unanimous consent that these items, along with an open letter to Members of Congress and a congressional checklist of student concerns, be printed in the RECORD.

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

SPEECH OF WILLIS EDWARDS TO NATIONAL STUDENT LOBBY CONFERENCE

Despite Gordon Strachan's much echoed advice that young people should stay away from Washington, we did not. We did not and we will not—we will not because we know that what happens here in Washington, on Capitol Hill and in the White House affects our lives as students and affects it daily.

When the American people did not understand the tragedy of the war in Vietnam, we as students told them. When the American people did not understand the civil rights movement, we as students told them. When the American people did not understand environmental issues, we as students told them. When the American people do not understand the crisis in education, we as students tell them—and that is why we are here.

For students when organized and when well prepared we present a formidable political *force* which cannot be ignored. NSL is such a force.

NSL is students fighting for their education, fighting for their future. NSL is students fighting the inequities in Federal aid to education that denies an education to those who need it most and can afford it least. NSL is students fighting to halt rapidly mounting tuition that causes a two-and-a-half percent drop-out rate for every $100 increase in tuition. NSL is students fighting to minimize the impact of the energy crisis on students. NSL is fighting for a decent minimum wage equal to—not less than—the going rate. NSL is students concerned with child care centers, with the problems of the Vietnam veteran, with women's rights, and discrimination against minorities.

NSL is students being heard—student's needs. NSL has been and will continue to be successful in Congress. Last year, we lobbied Congress for passage of a $1.6 billion Federal aid package for the 1974–75 school year—which meant a-half-a-billion dollars more for students this year than last. That's money—money for education. NSL has successfully lobbied Congress for passage of the Harris amendment to the higher education bill placing Congress on record as advocating students on boards of trustees. In my region alone, Valerie McIntyre has been appointed to the Oregon board of education as has Seth Bruner in California. NSL means $350 million more in supplemental student aid for undergraduates. More money for education. NSL aided in the adoption of the $1 billion basic opportunity grants program in 1972. And NSL was successful in beating back a bill, dubbed "the McDonald's plan" sponsored by business interests that would have lowered the student minimum wage to 80 percent of the regular wage. That would have cost students millions of dollars in lost wages.

NSL aided in the narrow defeat of the food stamp eligibility provision that would have declared students ineligible for food stamps unless they were on welfare or married with one or more children. NSL called for and got a congressional hearing to review the Civil Aeronautics Board decision to abolish student air fares. The Senate passed a bill based on those hearings. Though still in the House, the bill if passed means a $50 million annual savings for students. That's more money.

From air fares to scholarships, from food stamps to wages—NSL is about money. Money issues that affect us as students.

Now, once again, we are here in Washington to educate the American people about our concerns for education. We are here to actively lobby Congress on behalf of students. Our goals for this conference are clear—to make known that in an age of skyrocketing costs, Federal aid to education must increase not decrease, that tuition increases must be halted to stop the robbery of educational opportunities from all citizens. We are here to increase the minimum wage, create an awareness of the need for funding child-care centers, to protect the rights of the Vietnam veteran, to increase women's rights, and to halt the disproportionate impact of the energy crisis on the student, which means a one dollar increase in tuition for every one dollar increase in the price of a tankful of gas.

This conference seeks to make NSL well-known—to widen our recognition with Members of Congress, to build and perpetuate our reputation as being knowledgeable of exactly what we are discussing, to emphasize the necessity of an effective on-going organization here in Washington open to input from the campuses, and to elect a board of directors from candidates who thoroughly understand the issues confronting us and are prepared to make a personal commitment to raising money, organizing regional conferences, and attending board meetings here in Washington, among other responsibilities.

Our work does not end with this conference. We must take back to our campuses what we have learned here. We must establish lobby offices on each campus, and seek out interested students. We must build and maintain an efficient communications network among campuses at the local, State, regional, and national levels to reduce our dependence on mailings from Washington. NSL on the campus level must involve itself in public interest research groups, in voter registration, with child-care centers, and with issues that affect students as individuals: political issues.

Why must we do these things? Why must this conference be a success? SIMPLY because NSL has the potential for being the most powerful lobby group in Washington and the Nation as a whole. If 2,000 schools were members of NSL—no one but no one could ignore us, our presence would be too great. There are ten million students in the United States and for as long as there are students there will be NSL to represent them—because ten million students cannot and will not go unnoticed.

We have been right too often to let anyone tell us to stay away from Washington. We know that we are right because education is the right of every American. We are here to protect that right and to insure that the injustices of the past are not repeated.

GETTING KIDS OFF STREETS AND INTO CONGRESS

(By Marlene Cimons)

WASHINGTON.—Remember that dramatic moment last summer during the Senate Watergate hearings, when Sen. Joseph Montoya (D-N.M.) asked former White House aide Gordon Strachan what advice he would give young people interested in public service and in the future of their country?

Strachan, near tears, replied: "My advice would be to stay away."

Seven months have passed since those tense few seconds in the old Senate Caucus Room and Strachan's words seem to have affected some members of America's student population—but not quite the way he might have anticipated.

"I can't stay away. There's no way I can stay away," Willis Edwards said. "I have to live in this country for the rest of my life."

Edwards is chairman of the board of directors of the National Student Lobby and head of its California state operation. The lobby is a federation of state organizations, student governments and individuals who have come together at both the state and national levels to work for the interests of college and university students all over the country.

One indication of Strachan's influence on students might well be in evidence here this weekend as hundreds of members of the lobby arrive in Washington for a five-day national conference and lobbying effort. Leaders of the organization are hoping for an attendance of from 700 to 1,000, with member students paying their own way to the capital from their respective schools. There will be two days of issue workshops followed by two days of actual lobbying on Capitol Hill.

"One of the big things in the conference will be role-playing," said Arthur Rodbell, executive director of the lobby, who is based in its national office here. "We're going to bring congressmen in to work with the students, to practice with them. Then we're going to send the students right to the Hill."

One of the conference goals, Edwards said, is a mutual understanding between the lobbyist and the legislator. "We want the congressmen to take off their jackets and relax," Edwards said. "We want to try to understand what their problems are and we want them to understand what our problems are."

The lobby, which now claims a membership of 2.4 million students and 300 member schools, grew out of a 1969 effort in California.

Two state student lobbies were created then to work in Sacramento for increased student financial aid and low tuition rates and against proposed education cuts in the budget. In April, 1971, encouraged by the successful response in California, a group of students formed into a coordinating committee for a national lobbying office.

Four student advocates arrived in Washington that summer to begin work. Funding came from individual membership dues, as well as fees paid by the student governments of member schools.

"The term lobbying has had a very negative connotation in this era of Watergate, a connotation of corruption and all that goes with it—and in my mind it just shouldn't be that way," said Steve Pressman, an 18-year-old freshman at UC Berkeley, who is serving as California state coordinator for the lobby. "Lobbying is an effective way of influencing people.

"The National Student Lobby thinks of itself as consumers of education. A collective group with common goals and interests.

INTO THE SYSTEM

"The whole purpose of the lobby is to get students within the system," Pressman continued. "It's probably the only way we're going to get things done. This is a change from the early 1960s.

"This may sound like a cliche, but we're getting kids off the streets and into the halls of Congress. They don't want to get their heads beaten in. If we could get all the thousands of schools in the country, we would be the most influential lobby in Washington. That might sound idealistic, since we don't have the money of other lobbies, but we have the potential of more than 9 million students."

Most of the concerns of the National Student Lobby are financial. It wants more federal money for higher education. It wants

to keep tuition rates at a standstill. One of its biggest current priorities is the restoration of youth fare airline discounts which have been ordered phased out by the Civil Aeronautics Board.

"Our position is that by eliminating the youth fare, they are taking away a student's mobility," Rodbell said. "There are 1.5 million students who travel more than 500 miles to school, and by taking away youth fares they are adding $300 a year to travel expenses."

To mobilize students who cannot lobby in person, they have run a series of ads, part of which read: "If you've flown recently, you know that a youth fare ticket costs about 50% more than it did last year. By this time next year, youth fares will be a thing of the past. Unless you do something about it.

"That's because the Civil Aeronautics Board thinks that airlines shouldn't 'discriminate' by charging some people less money than other people. Despite the fact that some people have less money than other people."

They urge student constituents to write to Rep. John Jarman (D-Okla.), chairman of the House subcommittee on transportation and aeronautics of the House Interstate and Foreign Commerce Committee, requesting hearings on a bill introduced by Rep. Jerry L. Pettis (R-Calif.) that would reestablish youth and family fares, as well as initiate reduced rates for the elderly and the handicapped. The bill was originally introduced in January, 1973, and reintroduced in an updated form last May.

"We felt at the time that the airlines weren't hurting as far as money was concerned and they were flying many of the planes half full or less," said Kenna Haggart, legislative assistant to Pettis. The bill, she said, has not been rewritten since the onslaught of the fuel shortage and she admits its chances have been damaged as a result.

"This energy thing is a change," Ms. Haggart said. "Now there are fewer flights and less room. Now the airlines may actually be losing money.

"I think it has hurt chances for the bill's passage, but the Congressman and I haven't discussed it at all since the energy crisis took hold. We may have to change it."

AREAS OF CONCERN

Although the energy crisis may have weakened the student lobby's position on this particular issue, it also has resulted in new areas for the lobby's concern and attention.

"Commuting students use their automobiles to get to and from schools," Rodbell said. "Also, a lot of students work in cities where they go to school. Often they attend classes in the morning on campus, and then go to work, and then sometimes drive back to campus again. They can't car pool and they probably drive about 30 miles a day."

The objectives of the lobby are to keep the cost of gas at 50 cents a gallon and have students treated as workers when it comes to obtaining gas. "They really are workers," Rodbell said. "But they only earn about one-third of what regular workers earn. And if rationing goes into effect, coupons would be issued at the driver's place of residence. That means students would have to go home to get their coupons—and without a reduced airline rate."

In California, the local lobby is organizing a conference on car pools at Cal State L.A. in March and may attempt to set up a system for Southern California schools. "Energy problems are local as well as national," Edwards said.

In California and in other states where lobbying on the local level is taking place, the emphasis is on keeping tuition down. The pressure from students began more intensely last summer after the Carnegie Commission on Higher Education, in a report released July 12, recommended that public college tuition double within the next decade in order to account for one-third of college's income. At current levels, the report said, tuition covered about 17% of total education costs, with the rest being paid from public funds. Raises of 5.8% a year were suggested for private college tuition, slightly less than the current 7%.

(The commission also called for increased federal aid, especially in the form of direct grants to students, which it said should rise from a 1970–71 level of $3 billion to $8.5 billion in the same period was recommended for aid institutions.)

The National Student Lobby is at odds with the commission's request for the tuition hike.

"If tuitions are doubled, it will create an elitist system that would shut down a lot of schools and cut off students," Rodbell said. "It's a Catch-22 where everybody loses. It just does not make any sense."

Edwards said his staff was working particularly hard in Sacramento talking with legislators, members of the board of regents and school trustees to maintain the current levels. "The latest figures we have show tuition for the UC system is about $637 a year, Edwards said. "It's between $200 and $300 a year in the California state systems and we want to keep it that way.

"It's considerably higher—between $2,500 and $3,000—in private universities—can you imagine minority students or low income students trying to get into those schools? We feel higher tuition hurts all students, rich and poor, and an education should not be denied to anyone."

The western region student lobby already has taken credit for several victories, including more money in the state of California for education and the appointment of several young people to education-related commissions and committees. Valerie McIntyre, 21, a graduate student at the University of Oregon, active in the lobby, was appointed recently to the Oregon state board of higher education.

"I've been appointed to Mayor Tom Bradley's commission of social services," Edwards said. "And Robert Moretti (speaker of the state Assembly) has just appointed a UC Davis student to the state commission on higher education, an advisory body. We feel that's a tremendous push-through. We need students there. Our aim is to get students on state boards all across the country if it takes from now to doomsday."

NATIONAL STUDENT LOBBY,
Washington, D.C., February 26, 1974.

DEAR CONGRESSPERSON: This week 900 students from 44 states are in Washington to speak with Congresspersons and Senators on issues concerning access to post-secondary education and issues of concern to students as citizens. In specific terms:

(1) There is a severe money crunch on campus. Tuitions and other costs of attending college are soaring. In the last decade, per capita income rose 5.8 percent annual rate, but average tuition and fees rose by an average of 7 percent. Also, the recent increase in the rate in inflation threatens higher education even further. Therefore, appropriations for student assistance programs are our First Priority. Students are here to work with the educational system, Congress, and the Administration to redeem the bi-partisan pledge of both Republicans and Democrats that "no person be denied access to post-secondary education for financial reasons." The U.S. Office of Education figures show that Federal, State, and private financial aid programs are funded at only approximately 50 percent of "financial need" (as determined by students/parents confidential financial statements) at the present time. The Educational system as well as the political system *must* be opened up for all.

(2) Because the new Basic Opportunity Grant program is available only to first and second year students, College Work-Study money is critical to students trying to work their way through college as juniors or seniors. Though the number of students eligible for work-study has increased by 25% since 1972, the funding has not even kept pace with the inadequate funds of 2 years ago. The Administration has again requested *no increase* for fiscal year 1975 college work-study money. We urge your support this year in lifting the funding significantly above the woefully inadequate $270 million figure. An increase of 150 million to the $420,000,000 authorized level would mean over 200,000 student jobs, and opportunity for the current 500,000 work-study students to work more hours. We feel this is particularly needed as the economy may take a downturn and students are often the first released from jobs.

(3) The needs test (or "means test") which was implemented in March 1973 after passage of the 1972 Education Amendments has forced families, regardless of income, to demonstrate a *need* for a Guaranteed Student Loan from banks. Before the implementation of the needs test Congress had determined that a family with an adjusted income of under $15,000 was enough of a demonstration of need. In these times of inflation, even the $15,000 ceiling has come into question. This has caused large numbers of families to turn away from this source of bank loans and the program is down 32% (as of December 1973) from 1972. The House Special Education Subcommittee is currently considering legislation to abolish the means test and thereby increase access to these loans. The Senate has already acted on this issue. We encourage your support for this legislation.

(4) The National Student Lobby's efforts to reinstate discount fares will focus on the need to increase the average number of filled seats on airplanes, trains, and buses. We expect that students, youths, and senior citizens can fill 2–5% of the empty seats available. This is *crucial* in a time when our energy resources *cannot* afford to be wasted. Public transportation must be utilized, since the reliance on the private auto has helped bring about the current energy shortage. Youth and senior citizens, working together, ask no special favors. In fact, we do *not* favor legislation allowing discounts on a reserved seat basis for any one group, with the exception of the handicapped. What we support is a discount that will in no way adversely affect the full-fare paying passengers. We also support the principle that *anyone,* regardless of age, who adjusts his or her schedule to travel after 9:00 p.m. ought to be able to obtain a "night coach" discount for these less-traveled hours.

(5) Today's high tuition charges make the traditional idea of "working your way through college" a questionable, even a laughable, proposition. Adding to an already difficult situation, the Administration is requesting a "Youth Differential" Amendment to this year's Minimum Wage legislation. This proposal would put students at subminimum of 80 to 85% of the full minimum wage. For thousands of students on marginal budgets the few extra dollars earned under full minimum wage guidelines can mean the difference between finishing college or dropping out. We believe that if new jobs can actually be created for students and youth by a subminimum wage, this should be done through the Department of Labor's *certificate process* as is currently in the law. We favor this approach as opposed to an across-the-board subminimum wage rate.

We appreciate the opportunity to discuss these and other issues with you, and we look forward to working with you—especially in areas of special importance to your committee work.

NATIONAL STUDENT LOBBY,
Washington, D.C.

NATIONAL STUDENT LOBBY CONGRESSIONAL CHECKLIST

Congressperson ———, recorder, ———, Legislative admin. asst. ———, date/time, ———, building ———, room ———.

1. Do you support the abolition of the "Means Test" for students from families with less than $20,000 adjusted income for guaranteed student loans? (This would increase access for middle income students. H.R. 12523, which includes this provision, is currently being marked up in House Education and Labor Committee).

Yes.
No.
Comments.

2. For the past 2 years work study money has not increased above the $270 million figure, during which time inflation and eligibility of new types of students has severely eroded this program. Would you support an increase of college work-study funds up to $420 million authorized level without depleting the funding for other student assistance programs such as basic grants and guaranteed student loans?

Yes.
No.
Comments.

3. Are you willing to endorse the enclosed statement (attached) in support of maintaining low or no tuition at public 2-year and 4-year colleges, while closing the "tuition gap" between public and private colleges through State scholarship programs (aided by matching Federal funds)?

Yes.
No.
Comments.

4. Would you be willing to co-sponsor a bill similar to S. 2651 (sponsored by Senator Magnuson, D-Wash., which passed the Senate unanimously on Nov. 5, 1973) to allow stand-by discount fares on air, bus, and train transportation for persons over 65 and under 22, *provided* it is guaranteed that this *will not* increase regular fares, and it *will* increase "load factor" efficiency? (Today the average load factor is under 60 percent. This means an average airplane is flying with 40 per cent of its seats empty. If action is not taken by the House on this legislation, all youth discount fares will cease as of June 1 of this year under order of the Civil Aeronautics Board).

Yes.
No.
Comments.

5. Do you support the minimum wage bills S. 2747 and H.R. 12435 as reported by the Senate and House Committees, (both of which support the concept of "full minimum wage" for students and youth) subject to some exceptions for agricultural, small retail and service businesses and for employment on campus)?

Yes.
No.
Comments.

6. Comments on other issues.

THE PRESIDENT'S PAY RECOMMENDATIONS

Mr. McGEE. Mr. President, the Chief Executive has forwarded to Congress his recommendations with regard to executive, legislative, and judicial salaries. It is no secret that this set of recommendations, which includes the suggestion that congressional salaries themselves be increased by three annual raises of 7.5 percent each, is somewhat controversial. Several resolutions have been presented to disapprove of the recommendations in whole or in part.

In considering the President's salary recommendations, Senators should give consideration to more than their own circumstances as elected officials. Indeed, last year the Senate did approve legislation brought to it by the Committee on Post Office and Civil Service to make some needed changes in the machinery by which pay recommendations are made but that movement failed in the other body. Thus, the controversy continues to swirl around the Halls of the Congress. But it affects many other people, including some who are peculiarly restrained from arguing their own case. I refer to Federal judges.

Like Members, judges have had no increase in their pay for 5 years. In that period, prices have risen, as we all know, nearly 30 percent. Pay outside the Government, and at the lower levels in Government service as well, has gone up 30 percent and more. Some excellent jurists with earning ability far exceeding their present $40,000 salary, have left. Other men approached about accepting appointment to the bench have said no.

In the January issue of the Journal of the American Bar Association, president Chesterfield Smith of the ABA wrote on this very subject. His cogent comments deserve the attention of every Member of the Senate, and I therefore ask unanimous consent, Mr. President, that they be printed in the RECORD.

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

PRESIDENT'S PAGE

(By Chesterfield Smith)

The central figure in the administration of justice in this country is the judge. Nothing is more important to the quality of justice than to attract and retain the best qualified men and women for our courts; in truth, the quality of justice is the quality of the judge.

Inasmuch as the legal profession has a duty to the public to do whatever it can to ensure justice for all citizens, the American Bar Association has worked for years to improve the manner of selecting judges at both state and federal levels as well as the conditions under which they work. For that same reason, it has continuously championed the cause of providing fair and reasonable compensation for judges. All that has been done in merit selection and in enhancing the professional environment of the judiciary will go for naught unless steps are taken to make a judgeship an economically viable possibility to a lawyer whose learning, skill, and experience place her or him in the front rank of the profession.

The salaries of federal judges have been frozen since March 1, 1969. During that same period and in spite of wage controls and postponements, the salary level of general federal employees has increased by 34 per cent. No one who has hired employees, paid tuition, or bought food in the past five years needs to be reminded of ever increasing costs and prices. Federal judges have been severely penalized by the fixed nature of their compensation, and for each day that goes by without a salary adjustment they will continue to be penalized.

Although basic fairness should characterize the relation of our society to its public servants, something even more important than fairness to specific individuals is here involved. In very general terms, what we pay our judges is a measure of our evaluation of the function they perform. We ask of judges that they provide solutions to problems that, on one hand, may involve complex economic interrelationships or, on the other, the most intense and basic of human conflicts. We ask of judges that they serve as the ultimate guardians of our liberties. We ask them to provide remedies for those situations in which, by definition, we and our society have failed.

In very practical terms, what we pay our judges must be sufficient to attract the individuals who can perform these tasks competently, and who will do so in an honest and ethical way. At present, a United States district judge is paid $40,000 a year. There is always the danger of falsely equating financial success with professional success. It is also true that fine lawyers may be in a variety of circumstances by choice and otherwise. Still, mindful that there are and will continue to be exceptions, I believe that appointment to a federal judgeship at the present time would represent a substantial sacrifice of present and future earning capacity for very many of the lawyers whom I believe are well qualified for that position.

The subject of judicial salaries is timely. The Federal Commission on Executive, Legislative, and Judicial Salaries has submitted its report to President Nixon. The recommendations of the commission have not been made public, and while not bound by the commission's recommendations, President Nixon will make his own specific proposals for adjustments in federal judicial salaries as part of his budget message in early 1974.

At its October, 1973, meeting the Board of Governors of the American Bar Association found specifically that, while adequate compensation is essential to attract the best qualified lawyers to the judiciary, the present rate of compensation is no longer comparable to the income of the best qualified lawyers. The board, therefore, resolved to urge President Nixon to recommend a substantial increase for members of the federal judiciary.

The board of governors did not recommend a specific figure, and in transmitting its resolution to President, Nixon, I too mentioned no amount. Speaking personally, however, and not for the Association, I believe that as of today any salary for a federal judge of less than $60,000 is not adequate.

Compensation for state court judges poses a similar problem. Much of what I have written with respect to federal judges is equally applicable to state judges. The board of governors has urged that each state bar association conduct a continuing examination of the adequacy of the compensation of judges in its state.

Our concern with the adequacy of judicial salaries should not be interpreted as concern with the quality of those who now serve on our courts. Their acceptance of appointment and their continuing service in spite of financial sacrifice are to their credit. Ours is a profession with a long and continuing tradition of public service, and these judges honor that tradition. Nevertheless, we have no right to ask nor can we reasonably expect our judges to make a financial sacrifice that will last for the remainder of their professional lives. The judiciary must not be open only to those whose private means or willingness to earn at less than capacity permits them to serve at the present salary scale.

Of all government employees, judges are most peculiarly unable to lobby for their own interest. This is the natural result of the standards we have fixed as appropriate conduct. It means, however, that the organized bar and members of the legal profession individually and collectively have the obligation to support appropriate salary increases

for judges and to do so with determination and vigor. The time to meet this obligation is now.

CONGRESSIONAL PAY INCREASE

Mr. TAFT. Mr. President, I plan to oppose the proposed congressional pay increase when it is brought to the floor for consideration. I believe it inappropriate for the Congress to permit a commission and the President to bring about increases in their compensation at a time when we are asking the country to take responsible measures to check inflationary pressures present in the economy. I oppose this procedure and this action.

I ask unanimous consent that an editorial from the Cleveland Plain Dealer of Saturday, February 16, 1974, entitled "Congress Should Speak Up on Pay," be printed in the RECORD.

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

CONGRESS SHOULD SPEAK UP ON PAY

Members of Congress are becoming more and more uneasy about helping themselves to a big pay raise next month. At least that much is indicated by the recent introduction of a score of bills dealing with the issue.

That is a good sign, so far as it goes.

For some sponsors who face hard reelection contests in November, introduction of the bills may be a simple exercise in good politics. For others, the bills may represent an earnest reply to what the folks back home are saying, or an honest, conscientious effort to head off something that is all wrong at this time.

The pay raise proposal, for step-ups totaling $10,300 over the next three years, was made by a federal commission and included in President Nixon's new budget. Under the law, and barring veto in either house of Congress, the raises take effect automatically.

Here it should be noted that either house of Congress has only three more weeks in which to act to nullify the automatic feature. The recently introduced bills which would require members to stand up and be counted are tucked away in committees. Current activity is mostly only talk about prying the legislation out of committees.

It is time now for the individual maneuvering and gamesmanship to end, for the Senate and House of Representatives as legislative units to deal openly with what some of their own members say is a "sneaky" or "backdoor" pay raise arrangement.

It is time also for those same legislative units to make a case, if they can, for getting much more money than most other citizens can get for themselves in these very uncertain economic times.

Above all, it is a good time for members of Congress collectively to set their own example of restraint when other citizens are being asked by government to conserve, to sacrifice and to prepare themselves for possibly even worse economic conditions.

AN UNQUIET QUIET ON CAMPUS

Mr. PELL. Mr. President, I am pleased to bring to the attention of my colleagues an excellent article written by Dr. Ronald Berman, chairman of the National Endowment for the Humanities.

The article appeared in the February 10 edition of the New York Times Magazine. It examines conditions on our college and university campuses today and finds them disturbing and greatly in need of revitalization.

Dr. Berman finds an uneasy quiet prevalent on campuses and relates it to a stultifying inertia shared by students and faculty alike and rooted in many cases in policies adopted by college and university administrations.

Dr. Berman points to the causes of campus violence in the 1960's but finds the present apparent calm of almost equal concern.

A withdrawal from the challenges and intellectual stimulation of unfettered discussion has occurred, Dr. Berman writes. It applies to students as well as to their teachers.

Dr. Berman offers no quick solutions to the problems he details, and their inherent dangers, but he argues strongly against innovation merely to produce something new in education. Novelty and originality, taken by themselves, he points out, are no cures for ignorance.

He argues persuasively for a greater emphasis on the traditions of learning, and for an educational climate which will encourage a spirit of intellectual challenge, and an enthusiastic response to that challenge.

As chairman of the Subcommittee on Education and as chairman of the Subcommittee on Arts and Humanities, I commend highly Dr. Berman's thoughtful and significant article, and I ask unanimous consent that the full text of this article be printed in the RECORD.

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

AN UNQUIET QUIET ON CAMPUS

(By Ronald Berman)

At the end of the sixties the academic world gratefully welcomed the cessation of violence. It assumed that campus problems were finite and political; with their disappearance, we would be back to normal. The academy hoped for tranquility and, attaining it, confused it with order. Few realized at the beginning of the seventies that an entirely new set of problems had arisen and that their solution depended on values and traditions that were dealt a staggering blow in the sixties. The traditional university was imperfect but equitable. The same cannot be said of today's.

The seventies began with a shortage of money caused by a shortage of public confidence. There have been other external problems: fluctuations in the student population; inflation; changes in Federal and state education policies; the sudden constriction of employment. But internal problems are even more severe. We have been left a politicized environment in which disinterested argument is at a loss. The curriculum is more or less in shreds after its attempts to reflect, with ever increasing speed for most of a decade, the relevancies of the moment. Students are without grades and requirements, while professors are without traditional responsibilities; in both cases there is great anxiety about loss of structure and equity. A new generation of academics has appeared, but, having for some years now argued the superior claims of politics, they find themselves unhappily detained by subjects merely parochial. Innovation, a concept rightly honored when most necessary, has become sterile and mechanical. In the race to attract foundation funds—and because it implies a certain style—innovation has become more of an end than a means. Finally, students are evidently bored by the kind of debate long familiar on campus and are deserting the liberal arts for the vocations in enormous numbers. Because of these issues, the campus is naturally agitated. Because of the difficulty of their solution, it is in a state of anxiety, not to say depression.

The report of the Carnegie Commission states that the universities are undergoing a trauma of self-doubt. Kenneth Clark has written in The American Scholar that they have shown an abject failure of nerve. A great variety of such statements on the crisis of confidence in education are now appearing. None of them refer simply to the issues I have just described. They apply to the conditions those issues have both created and encountered. I would put the matter this way: The essential loss of the past decade was not material but moral. The attention of the public was focused on violence, barbarism and physical destruction; what escaped notice was the end of discourse, objectivity and freedom. Without these, academe is powerless to face the issues and is, in fact, in a state of twittering inertia.

A brief historical review may be useful. There have been two revolutionary changes on campus, one material and the other political. From 1958 to 1968 the American university boomed along with the rest of the economy. There were many benefits as intellectual life became part of the knowledge industry: decent wages and research facilities; *carrière ouverte aux talents;* the end of cultural isolation. But on the whole the experience resembled nothing so much as the effect of the capitalist ethic on medievalism, at least as described by Marx and Engels. If the old campus was paternalistic, the new one was frigidly aloof—there were verifiable stories of students at Berkeley whose only direct contact with their professors was a single annual conversation. Burkeian affection for people, places and institutions disappeared; it was replaced by a freedom easily confused with neglect. The campus atmosphere changed in a way reminiscent of the opening of "Hard Times," in which the prisons looked like hospitals and the schools looked like prisons.

The role of the administration expanded even beyond those horizons foreseen by Jacques Barzun in his "Teacher in America." A large state university in the sixties would have literally thousands of clerks, advisers, maintenance men, technicians, staff assistants, deans, deanlets and deanlings. As the decade advanced, they were joined by psychological counselors, racial and sexual advisers "affirmative-action" personnel and directors of various remedial or research projects. In short, education became typically an enterprise of the state supported by tax moneys and similar to other state bureaucracies. While it was certainly a good thing to have undergraduate education demythologized, it was an error to turn it into an assembly line.

The script for the sixties was perhaps implied by the work of Emile Durkheim, the first modern sociologist and our great theorist of social decay. Students with few connections to their teachers, inhabiting campuses unintelligible without a road-map, sitting in classes by the hundreds or thousands, became the natural constituency for unrest. It was only natural for them to turn to exaggerated "community," or humanity," or "commitment," because these had recently been in such short supply. And it was only natural that they should be led into fearful excess, if we are to be guided by that body of work which, from Arendt to Palmer to Talmon, describes the passage from revolutionary expectancy to disillusion.

With the uproar over ownership of the Bancroft Strip, the sidewalk in Berkeley reserved for student causes, intellectual life—the knowledge industry itself—became historically transformed. The earthy issues and tactics of protest engendered problems by

1970 that virtually no one in 1964 had predicted. The first issues were free speech and Vietnam; the first tactics were occupation of physical space, varieties of rudeness, ingenious harassment. But the tactics escalated to armed confrontation (Cornell) mob violence (Berkeley), arson (Stanford), blackmail (San Francisco State) and murder (Wisconsin). We became accustomed to the destruction of records and property and the disruption of education. There were fatalities on campus by bomb and self-immolation—not to mention self-destruction by narcotics.

The tactics changed because the issues changed. Although the Vietnamese war was unmistakably the central issue, it was also catalytic. It had two important contingent effects: the assimilation of other issues relating to social life and the annulment of a whole set of habits and principles. The other issues were legion: the power of students versus that of faculty; the relationship of the university to the military-industrial complex; the participatory requirements of democracy; the condition of minorities. Many of these issues deserved contemplation. All of them needed the exposure that objectivity, disinterest and academic freedom could provide. *But it was precisely those habits and principles that were the casualties of the revolution of the sixties; they did not survive as absolutes.*

The sixties were a time of troubles, but the seventies, far from being their antithesis, are in some respects a continuation. The leading problem is that of the university's mode; dialogue itself. Both as a habit and as one of the components of academic freedom it has been damaged. One of the first to note that life on campus has become tolerant of failure but not of disagreement was Roger Rosenblatt of Harvard, who observed in The Harvard Alumni Bulletin:

"Much of the faculty has become politicized and politicization is antithetical to its nature. A colleague recently exclaimed how much he had enjoyed a certain dinner party because 'everyone there thought exactly the way we do.' When intellectual conformity becomes the criterion for success, social or otherwise, the reverberations may eventually be felt in the curriculum, and the university is in trouble."

Tranquillity differs from inertia, which is what now seems to prevail on campus. As Rosenblatt suggests, the former implies healthy opposition, the latter only that difference is unthinkable. Inertia may even imply that the act of discrimination inherent in the power of intelligence is not important. Another member of the Harvard faculty, Martin Kilson, has written in The Times of the importance of a particular debate which was to have taken place at Harvard between Messrs. Shockley and Innis. While virtually everyone would agree that this debate of itself cannot settle the matter of genetic intelligence, most of those concerned about academic freedom are deeply worried by its cancellation. As Kilson puts it, "These and other actions by faculty members suggest the unfortunate spread of insensitivity toward unfettered discussion at a great institution of higher learning like Harvard. We can now expect more actions of this sort around a number of emotionally charged issues involving blacks, women, homosexuals and Israelis or Jews."

Tranquillity differs not only from inertia but from consensus. It would then be a mistake to interpret the relative quiet of the campus as a sign that its troubles are over. It may simply mean that public debate has been discouraged.

One of the most disturbing cases of enforced consensus has involved the University of California at San Diego. There, a faculty member who ventured to teach, although he did not support, the Jensen hypothesis was harassed by a coalition of student groups. Upon appeal to the administration, he was informed that he had only these alternatives: to clear the lectures with his antagonists; to debate them instead of carrying on his lectures; to give up his lectures; to endure harassment. One assumes that the meek shall inherit the earth, but not quite with this kind of encouragement. The effects were demoralizing to the man, his students and his school. And, of course, the effects are felt outside a single locality. As The Times editorial of Nov. 23 said after a similar fiasco at Staten Island Community College: The violent suppression of genetic debate on Staten Island was nothing less than subversion of the Bill of Rights.

Sidney Hook has written of an allied problem of academic freedom at the University of California; the acceptance of censorship in a good cause. Measure, the publication of University Centers for Rational Alternatives, observed in its September issue that any sub-group which feels threatened within a culture may now have recourse to the prohibition of those ideas it finds disagreeable. The Berkeley administration felt, in brief, that research should be discouraged which "may place the reputation or status of a social group or an institution in jeopardy." The implications are such as to make the recent Supreme Court decision on pornography seem Aristotelian. For one thing, the damage to "reputations and self-esteem" liable to be suffered on campus considerably exceeds that permitted by the law of libel! And the truth may in fact be pejorative, so that it is useless to suppress bad news. It is certainly dangerous to give powers to censorial university bureaucracies that we have for generations resisted giving to courts or elected officials.

Threats of this sort relate directly to the degree of public confidence enjoyed by the universities. Legislatures in almost every state have considered (and some have passed) restrictive budgets for university education because they believe that their own values and those of the taxpayers have too long been attacked by the academic world. One's natural instinct is of course to assert that if politicians sincerely believe that partisan values should be taught on campus, or that a single interpretation of American culture should be adopted, or that faculty should be the unthinking spokesmen of a national majority view, then they should be taught the meaning of academic freedom. But if *faculty and administrators* believe that partisan values should be taught on campus and that a single interpretation of American culture should prevail or that faculty should be the unthinking spokesmen of a local majority view, then they too should learn something about academic freedom.

Violations of that freedom are generally a matter of record, but other aggressions and encroachments, perhaps equally threatening, are diffused through daily life. There is a superb account of this civility by Thomas Hobbes: "By manners, I mean not here decency of behavior, as how one should salute another, or how a man should wash his mouth, or pick his teeth before company, and such other points of the *small morals;* but those qualities of mankind that concern their living together in peace and unity." In fact, what Hobbes sees as manners we may see as human relationship itself: the implication of thought and mutual feeling by style. For a current perception of this, we need not restrict ourselves to Harvard or the University of California. Far from these places—at the University of Utah—a new style has been borne by the winds of doctrine:

"A scholar from Michigan, another from California, from Columbia, or Minnesota now seek a place at Utah. Why? Because they feel, mistakenly I think, that in our little backwater of academic society we may have preserved, even by accident, some of the things they loved. . . . Scholars who would leave greater institutions to come here would hope, somehow, that they might find again an atmosphere of peace and serenity, perhaps even of intellectual fair play, although that is wishing for a great deal now. . . . But such hopes are romantic dreams."

The writer, Prof. Jack Adamson, reflects on a lifetime of teaching he is about to depart. His point, that the provinces are now more like the capitals of culture than may be wished, can easily be granted. As he puts it, there is at least as much floating despair at Utah as at Harvard; and perhaps the phrase for it might be anomie, which so usefully denotes the effect on social structures of personal anxiety. Things are quiet because people do not relate to each other, because the fragile web of cultural assumptions has been broken without being replaced. At Utah (and at a number of places more familiar to me), there is a sterile discord among those who can no longer find neutral ground for disagreement.

The things that Adamson mentions are overly familiar: political righteousness of absolutely Bourbon proportions; the fierce opposition between those who teach their subjects and those who teach things deemed more important; the subversion of academic values and authority; the hypocrisy of moral views so elevated and distant that they make all practical pursuits seem untenable. Perfect righteousness means eventually that nothing human is acceptable.

Some of the things I have mentioned were of course characteristic of the sixties; others were made possible by those subsequent changes of assumption that were caused by the sixties. Irving Kristol has remarked, for example, that obligatory innovation has only just reached the vulnerable smaller schools and secondary systems. It has now become methodologically orthodox—although it was intended to bring about specified changes (some of them necessary) in university study. So what began as an attempt to replace classroom work with other forms, or to illuminate and expand the boundaries of conventional history or biography, was incarnated finally as part of the educational establishment.

It is now *de rigueur* to "innovate" with no regard whatsoever to the necessity. Sometimes, in fact, innovation is regressive. I was recently approached to support the teaching of Leonardo Da Vinci in upstate New York secondary schools, a consummation devoutly to be wished. But the method was "innovative"—which is to say that the Government would pay some half-million dollars for the manufacture of new textual materials able automatically to convey their contents. Knowing the tremendous volume of materials on the subject, their relative cheapness and availability, I had some doubts about the cost and artificiality of the method. It turned out that the reason I had been invited to contribute was intellectual default: The teachers of that district did not themselves want to master Leonardo and hoped that the new materials would teach students without their intervention. Their administrators preferred to ask the Government to pay for imbecile "digests" rather than train people properly. I was approached in another case to support "innovative courses" whose principal claim was that they destroyed the old authority of teacher over student. In the new course, everyone taught everyone else, a demonstration of personal independence. That constituted, to our panelists reviewing the grant proposal, a reasonable argument for preserving its financial independence.

I have been approached, in fact, to support an untold variety of projects whose single virtue was novelty. I certainly do not want to

claim that in education (as has been said not entirely seriously of theology) originality is a vice. But on the other hand, it is not of itself a cure for ignorance. Some of these projects involved the substitution of the comics for the classics, of the Beatles for Dr. Johnson. If these were proposed in seriousness, so much the worse. But I should think that this replacement is designed to imply that the campus has a good hold on the tail of the *Zeitgeist*. For those uncertain of themselves and anxious for approval, this style passes current for substance.

True innovation allows for greater knowledge. It brings more people into the world of education, it disseminates knowledge to those who need it most; and, with luck, it even converts knowledge to wisdom. It has something to do with method, of course—but it is essentially a matter of substance. When this is forgotten at universities, then we face a real educational loss, to rely on method is to capitulate to fashion.

The loss of substance in the liberal arts is already having demoralizing effects. Teachers unsure of their allegiance are unsure of their professions and of themselves. Students are learning the liberal arts in droves. At Yale, at Brandeis, at Wright State University (all representative of different points on the spectrum of American education), undergraduates are rushing to vocational or professional studies. Interest in these subjects is understandable, even praiseworthy, but one hopes that this trend is not a reaction to the recent climate of ideological fury and that it is not accompanied by the loss of confidence in the humanistic disciplines. There has of course always been vocationalism on campus. But the new kind has sent students in great numbers to courses which, like economics, seem to provide direct access to security. It may be suggested that although many are rightly interested in the ideas of Friedman or Galbraith, even more are interested in the employment curve of computer technology. One corollary is that few students are interested in values and ethics or, more accurately, in the possibility of coming to terms with them at the university.

For practical purposes there are three forms of equity on campus to consider, the interests of the faculty, those of the students and those of intellectual work itself. The simplest form of equity for faculty is the freedom to conduct classes without inhibition. It is matched by the duty to do so according to those contracts and traditions governing professional life. The contract implies that we teach what we were hired for. The tradition implies that we do it honestly and objectively. And academic freedom implies that we do both of these things in security. As the final report of the Carnegie Commission indicates, the equity of faculty faces severe internal dangers. The commission states in fact that campus judicial procedures ought now to have a dual purpose. "Processes of faculty hearings established in part to protect faculty members from attacks by external powers must now also be capable of protecting the integrity of the campus against those who undertake internal attacks on academic freedom. . . ."

Equity for students involves three main points: the obligation to give them knowledge of the world and themselves; the responsibility of doing so in the form of alternative rather than of indoctrination; the right they have to competent teaching. There isn't a method in the world that can substitute for competence. And there is no escape from the conclusion that authority must match this responsibility. Authority is not tyranny, but the natural relationship of knowledge to ignorance.

Finally, there is the equity involved in the work and its evaluation. In Steven Cahn's just-published "The Eclipse of Excellence," there is a powerful set of arguments for the tradition of grades and requirements. The point of view is not that of authority alone (which, for my part can't ever be a satisfactory end) but it is, on the contrary, based on the premise that all men are equal before an impartial system of evaluation. That idea has served the law and surely can serve the academy as well. Grading provides a still point in the turning world of thought. It gives both student and teacher a measure of accomplishment over time, while providing a common standard. Grades are not a measure of personality or moral worth; hence the argument that they are traumatic cannot prevail. And, of course, even if they were, is a little trauma such a bad thing? We cannot leave the womb without it.

Our regression toward the intellectually invertebrate is nowhere more clearly shown than in the matter of courses and requirements. "Relevance," for example, is much praised but rarely analyzed. It offers a short-term answer for problems which, like those of history or language, require a basis of memory and discipline. There is in fact a considerable logical problem to relevance. If we accept the idea that a curriculum should be immediately open to present concerns, then we accept also a chronology. For example, if courses are to be contemporary and crucial, then they ought to change their content in order to survey new problems each year. But if those problems are so vital, then they should really be taken up with even more immediacy and the focus of study changed each month. Correspondingly, a course that sincerely seeks true relevance can only gain by taking up events each week as they insistently develop. And, if they matter that much, changing issues should affect and change courses every day, hour and moment. In short, there is no finite end to relevance, so that a question of value is implied when we decide on the appropriate unit of time to consider it. And that question, involving a choice of alternatives, is of course the same issue with which we began.

Sidney Hook has written recently of the war against standards that it allows anything neither illegal nor hazardous. Course credit at one university has been allowed for candle-making, conversation and love. According to The Times, one faculty member met his class under a table so that everyone could be on the same level. My own experience in foundation work has been less mordant. But I have been urged to support courses that would grade the feelings of students, which may be sincere but are certainly difficult to measure. That is especially true when the student gets pleasure from having learned nothing. And I have seen proposals to rewrite history not in order to rectify untruth but to create it. There have been proposals to give course credit for the ordinary business of life—which could be matched by the wish to give degrees for the same purpose. The problem is not that the human imagination is so comically various (for that we can be grateful), but that academic credit should be granted to 1 per cent of the people for doing what the other 99 per cent normally does. And of course, pastimes, devotions and ideologies, while probably interesting and entirely necessary, are not in themselves educational.

As we reflect on these things, we can see why so many teachers are more anxious now than ever before. It is not only that their authority is called into doubt (a reasonable man should be able to survive that), but that the courses they teach have lost conviction. Their colleagues too often are politically righteous and anti-intellectual; their students have no structure of tradition, rationale, grading or requirement to which they can relate. In addition to the external problems, there is the horrid example of capitulation on many campuses; academic freedom is simply forgotten if the teachers have the wrong views. Lacking their own conviction, without the security of academic freedom, uncertain even of that discourse and debate which were thought to be characteristic of the academy, they retire into themselves and become resigned to years of impotence. As if the university has come a thousand years through war and inquisition for that.

MACALESTER COLLEGE CELEBRATES 100TH ANNIVERSARY OF CHARTER

Mr. HUMPHREY. Mr. President, on March 5, 1874, the Minnesota Legislature granted a charter to launch what was to become one of the outstanding liberal arts colleges in the Nation, Macalester College, St. Paul, Minn. This fine institution of higher education, now concluding its first 100 years and beginning its second, occupies a very special place in my heart, since I served on the faculty of Macalester College during 1969 and 1970.

In this day of difficulty for the private liberal arts college, colleges like Macalester should serve to remind us of the reasons why we should strive to protect such institutions against the mounting dangers, financial and otherwise, that threaten the survival of this important element in our Nation's system of higher education. The private college is a necessary alternative to the large public college or university. Each serves its own unique purpose.

The private colleges, with Macalester a leading example of their kind, have provided this Nation with countless gifted, well-trained, enlightened leaders in virtually every major field of endeavor. If schools like this were allowed to be snuffed out by neglect, we would lose one of our brightest sources of intellectual illumination.

Macalester College is beginning a year-long centennial celebration continuing through March 5, 1975. So that my distinguished colleagues might become better informed of its history and background, I ask unanimous consent that the text of a recent article in a campus periodical, "Macalester Today," be printed in full in the RECORD.

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

PHILADELPHIA, *August 23, 1873.*

Reverend E. D. NEILL,
Minneapolis, Minnesota.

DEAR SIR: Yours of the 5th is at hand. I am willing to donate the Winslow House property upon the terms set forth in your letter, with a promise that it is to be used for educational purposes and is not to be sold or encumbered, but if the contemplated enterprise should be a failure, or the building should cease to be used for the purpose above referred to, that the property should revert to me.

Faithfully yours,

C. MACALESTER.

With this short, businesslike letter to his fellow Philadelphian, Charles Macalester conveyed the property to establish a college, long the cherished dream of Edward Duffield Neill, to offer "the Prospect of making the Falls of Saint Anthony an educational center for the valley of the upper Mississippi . . ."

The College was named "Macalester College" and on March 5, 1874, the Legislature of the State of Minnesota granted the new institution an educational charter. The special law naming the College went on to

identify the fifteen individuals, eight were to be from Minneapolis and seven from Saint Paul, who would serve as trustees of the new school. Included were such prominent men as Alexander Ramsey, Edmund Rice, Levi Butler, John S. Pillsbury and J. C. Whitney.

Earlier, in 1872, Neill had rented Winslow House for $1,200 a year from Macalester to house Jesus College, intended as a student residence, a grammar school, a preparatory school for the University of Minnesota and as a religious education adjunct to the University. As Provost, Neill described his hopes for the precursor to Macalester College in a letter to the Mayor of Minneapolis:

"It is hoped that in time, Christian parents will send their sons to Jesus College, where they will be under the same roof as the Provost, subject to all rules necessary to a gentle home culture, while at the same time enjoying all the advantages of University instruction at no additional expense."

Winslow House itself was an imposing stone structure constructed as a hotel on the eastern banks of the Mississippi overlooking the Falls of Saint Anthony. Costing over $100,000 to build, it had a dining room which could accommodate five hundred guests. In the summers of the 1850s, it served as a fashionable vacation spot for Southern guests. After the Civil War, the guests no longer came, the hotel closed, and the building passed through mortgage foreclosure into the hands of the Philadelphia real estate investor and banker, Charles Macalester.

Macalester, born in 1798 in Philadelphia, the son of a Scottish ship captain, was a self-made millionaire, who had made his fortune mainly through investing in real estate in Western cities, especially Chicago.

A Jackson Democrat and personal friend of the leading political figures of his day, including Jackson, Polk, Clay, Webster, Lincoln and Grant, Macalester supported the Union in the Civil War and switched to the Republican Party, voting for Lincoln in 1864.

Macalester was well known for his charitable contributions and his work on behalf of the less fortunate; a dedicated Second Presbyterian Church of Philadelphia. Above all, he was known for his tolerance; his obituary in the Public Ledger of Philadelphia, December 10, 1873, reads in part:

"His toleration was a leading trait. The Catholic priest, the Episcopal bishop, the Presbyterian minister, the Quaker precision, were often seen in his home, and the Republican and Democrat, the Federal and the Confederate, joined hands over his social board."

Given Macalester's interests, it was to him that Neill petitioned for and found help in establishing a nonsectarian college for men patterned after Yale, Amherst, Dartmouth and Princeton colleges. Soon, however, a series of mills were built at the Falls and the Trustees decided to move the College. Macalester's will contained a codicil bequeathing Winslow House to the College and allowing its sale if the proceeds "shall be used in and towards the erection of other buildings for such college."

Winslow House was sold and the building demolished to make way for the Minneapolis Exposition Company. The proceeds were used to build the East Wing of Old Main on a forty acre portion of Holyoke Farm given to the College by a group of the Trustees, thus ending the first phase in the history of Macalester College.

Now, several phases and 100 years later, we make ready a year-long commemoration to celebrate, starting on March 5, 1974, the 100th anniversary of the grant of the Charter. Much has happened in the intervening century, but many of those goals which our founders cherished still distinguish the College.

Knowledge, compassion, judgment, character, tolerance, community—these have been implicit or explicit in our objectives. Each has been defined and refined from time to time, and the means to these ends have taken ever-changing forms. We may look still very different at the end of two hundred years.

I hope that this year of commemoration may also be a year in which we not only pay homage to the past but take significant steps, as bold and as distinctive as did Neill and Macalester, to shape our future.

FIFTY-SIXTH ANNIVERSARY OF ESTONIA'S DECLARATION OF INDEPENDENCE

Mr. TAFT. Mr. President, 56 years ago, on February 24, 1918 the small, proud Baltic State of Estonia was rejoicing in its new found freedom from dictatorial tyranny and oppression. It was the day of Estonia's declaration of independence, an independence that was to endure for little more than 30 years.

Today, Estonia, along with its Baltic neighbors, is once again sadly struggling and suffering under colonial imperialism, enslaved to a dictatorial force, yearning and longing for freedom and liberty. It is with this dream that Estonian Americans pause each year at this time to rededicate themselves to the cause of Estonia liberation.

We are fortunate to have Estonian Americans, who understand the value of true democracy, living in the United States and contributing to our great country. I honor those who celebrate Estonia's brief rise to independence and sincerely hope that Estonia will once again realize the goal of liberation. Let us all join to support those who come to us in the name of freedom.

U.N. AND INTELSAT

Mr. MUSKIE. Mr. President, I would like to commend the efforts of my colleague from Illinois, Senator STEVENSON, for his work in recent weeks to enhance the emergency peacekeeping and disaster relief capabilities of the U.N. through more effective communications. Senator STEVENSON has long been an eloquent spokesman for a strong, active United Nations. And he is a man who matches his eloquence with practical achievements to further his goal.

Last month, Senator STEVENSON communicated to Secretary Kissinger his strong interest in having the United States support improved U.N. access to Intelsat international communications facilities. Subsequently, at the February 4–8 meeting of the Intelsat Assembly of Parties, the U.S. delegation urged that the U.N. be given priority access to Intelsat satellite capacity during emergency peacekeeping and disaster relief efforts. The Assembly then accepted the U.S. proposal, and the Board of Governors of Intelsat will now implement this decision.

At present, the U.N. is dependent upon an outdated and relatively ineffective communications system. As a result, it is often at a great disadvantage in effectively carrying out its peacekeeping operations and in coordinating international disaster relief efforts. U.N. priority access to INTELSAT satellite capacity should help remedy this communications problem and improve the U.N.'s capabilities in building and maintaining international peace and security.

Mr. President, I ask unanimous consent that a recent letter from Senator STEVENSON to Secretary of State Kissinger on INTELSAT and the U.N. be printed in the RECORD.

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

U.S. SENATE,
Washington, D.C., January 29, 1974.

Hon. HENRY A. KISSINGER,
Secretary of State, Department of State, Washington, D.C.

DEAR MR. SECRETARY: I am writing to ask you to express to the U.S. INTELSAT representatives your support for United Nations access to INTELSAT international communications facilities on concessional terms.

As you may know, the United Nations is currently dependent on its own antiquated and inadequate short-wave radio system. Reliance on this limited communications system, has, in the past, put the UN at a great disadvantage in effectively carrying out its peace-keeping operations and in coordinating international disaster relief.

Given the fact that UN peace-keeping forces are an integral part of the Middle East cease-fire, which you worked diligently to achieve, it is imperative to ensure that the UN does not become a weak link in implementation of the cease-fire because it lacks a modern communications system. In order for the United Nations to respond with the necessary dispatch, efficiency, and reliability to new crises, arrangements should be made now to make INTELSAT's modern communications equipment available to the UN.

The United Nations has requested limited access to INTELSAT communications facilities at preferential rates for peace-keeping operations, environmental monitoring, and operational communications with major UN offices located away from its New York Headquarters. The Secretary General has also requested cost-free use of INTELSAT space segments for emergency communications with UN peace-keeping operations and UN disaster relief teams.

The United Nations has been entrusted with important responsibilities by its 135 member nations. These responsibilities include maintenance of international peace, the promotion of world-wide economic development, disaster relief, humanitarian programs and protection of the human environment. Every member of the world community, including the members of INTELSAT, has a stake in the success of the UN's efforts. To assure that the UN's limited resources are utilized as effectively and efficiently as possible, modern communications are essential.

The United States has a weighted vote of 40% in INTELSAT. If the U.S. representatives were to support the United Nation's request, the likelihood of its approval would be greatly enhanced.

Unfortunately, present indications are that the U.S. position is not to approve this request, and to require the UN to pay the full rate for use of INTELSAT facilities. While this position may be consistent with commercial interests, it is not consistent with U.S. national interests. Recognizing the growing interdependence of nations and the immediate importance of the UN Middle East Peace-keeping Force, the United States should take the initiative to assure the United Nations access to the most modern means of communication available.

Your support of the UN's request can have a positive influence on INTELSAT's Board of

Governors and Assembly of Parties. INTELSAT's Board of Governors is presently meeting in Washington, and its Assembly will meet here next week. These meetings will determine INTELSAT policy for the next two years, and, therefore, your support is essential now.

Sincerely,

ADLAI E. STEVENSON III,
U.S. Senator.

INTERSTATE SHIPMENT OF MEAT

Mr. ALLEN. Mr. President, the Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture and Forestry held a hearing September 20, 1973 on S. 1919, to authorize interstate shipment of meat inspected by State systems declared equal to the Federal meat inspection program. Dr. Clarence H. Pals, executive vice president of the National Association of Federal Veterinarians, was personally assured that he could file a statement for the record and on September 24 he addressed a letter to me for insertion in the hearing record. Neither the committee nor my office has any record of receiving it and therefore it was not included in the printed hearing. I am sure the subcommittee will give his recommendations every consideration when it marks up the bill, and in order to bring it to the attention of others interested in this legislation, I ask unanimous consent that Dr. Pals' statement be printed in the RECORD following my remarks.

There being on objection, the statement was ordered to be printed in the RECORD, as follows:

THE NATIONAL ASSOCIATION OF
FEDERAL VETERINARIANS,
Washington, D.C., September 24, 1973.

Hon. JAMES B. ALLEN,
Chairman, Subcommittee on Agricultural Research and General Legislation, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR SENATOR ALLEN: We appreciate this opportunity to comment on S.1919, which would "amend the Federal Meat Inspection Act to provide that State-inspected facilities after meeting the inspection requirements shall be eligible for distribution in establishments on the same basis as plants inspected under title I".

The National Association of Federal Veterinarians, organized in 1917, represents veterinarians employed in the Federal Government. Over seventy percent of the 1,485 veterinarians in Federal Meat and Poultry Inspection are members of NAFV. These veterinarians have dedicated their lives and their professional careers in service to the American public. From 1890 to 1906 the inspection of meat was primarily to assure acceptance of the meat in foreign markets. From 1906 on, the Federal Meat Inspection Service covered all meat prepared in plants selling their product interstate or for export.

Since the Doctor of Veterinary Medicine is the only professional trained to fully understand questions of health in animals, the overall responsibility for assuring the wholesomeness of meat is vested in the Veterinary Medical Officer. The VMO assigned in meat plants is assisted by food inspectors who have been trained to assist in the examinations of animals before slaughter and at the time of slaughter. They also supervise the preparation and labeling of all meat food products to assure that standards are met, the product is clean, sound, wholesome and truthfully labeled. The mark of inspection may be applied only after all of the inspection requirements have been met. This mark of inspection is assurance to the packer that he can ship with confidence and it also assures the purchaser that an employee of the Federal Government has found the product to be in compliance with the law and regulations at the time it was prepared. Consumers in the United States purchase their meat products with confidence when they see the mark of Federal inspection on the meat or on the package. The export certificate that is issued for exports of meat and meat food products from the United States permits world-wide distribution of these products.

The requirement for blueprints of plants desiring Federal meat inspection has often been questioned by persons who did not understand the expert service they were receiving. These experts have been able repeatedly to point out to the owner and architect ways in which their operations could be improved while at the same time assuring that the plant and equipment will meet all of the sanitary and inspection requirements. The guidebooks developed by Meat Inspection officials have also been used around the world as other countries have tried to follow the United States system. Instead of being a burden to a packer the examination and eventual approval of blueprints of a meat plant can be a real money saver.

For many years prior to the passage of the Wholesome Meat Act of 1967 few states had an inspection system worthy of the name, to cover the meat that was prepared for intrastate commerce only. Consumers became more vocal and demanded that all meat sold should be of unquestioned wholesomeness. In states where enforcement of food laws was lax, meat was being prepared under conditions that were sometimes deplorable and animals affected with conditions that would be condemned under Federal Meat Inspection were sold for food to the unsuspecting public. Plants were opened in states that had little or no enforcement with the specific purpose of adulterating the meat such as hams and corned beef with excessive water. The response in some states was to provide for a greatly improved State inspection program. Other states made little effort to develop an adequate meat inspection program. The Federal Meat Inspection Service provided training for the state veterinary medical officers, food inspectors, laboratory and administrative personnel long before the passage of the 1967 law.

After extensive hearings and extended debate the Meat Inspection Act was amended on December 15, 1967 to provide for the inspection of all meat sold to the public whether or not it moved interstate. Section 2 of the Act found that ". . . all animals and articles which are regulated under this Act are either in interstate or foreign commerce or substantially affect such commerce, and that regulation by the Secretary and cooperation by the States and other jurisdictions as contemplated by this Act are appropriate to prevent and eliminate burdens upon such commerce, and to protect the health and welfare of consumers. (21 U.S.C. 602.)" States were given two years to develop programs or modify existing programs so as to meet the requirement that the program be "equal to" the Federal program. Where substantial progress was being shown, states were given an additional year to get into compliance. These were trying times in some states but real progress was made in many of the states. Some were unable for one reason or another to reach an acceptable level. These have been "designated" after due official notice and acceptable plants that met minimum requirements continued to operate but under Federal rather than state inspection. The 13 designated to date are: Guam, Kentucky, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Oregon, Pennsylvania, Puerto Rico, Virgin Islands, and Washington. (In the case of poultry 22 states have been designated).

Prior to the passage of the Act of 1967 the entire cost of State meat inspection was borne by the state. The Federal input was limited to the advice, counsel and training that was given to state employees. All of the states excepting North Dakota entered into an agreement with the United States Department of Agriculture to operate their meat inspection program in a manner that could be found to be "equal to" the Federal program. North Dakota elected to have the Federal program applied in all of their plants. Since that time it has been necessary for Federal meat inspection to assume the entire responsibility in twelve additional jurisdictions. The reasons varied from hazards to human health to inability or unwillingness to provide the program. Others may have to follow. Federal officials have been extremely patient as they have tried to keep the State Meat Inspection programs going.

In order to give states an additional incentive for maintaining inspection systems "equal to" the Federal, the costs have been shared on a 50–50 basis. This permitted those states with programs to make theirs better and those that had little or no program to get started. Most states had to revise or enact new food laws. Attempts have been made to have the Congress increase the Federal contribution to 80 percent of the total cost to the state. Fortunately this has not been done. It would have been one more step toward the weakening of the Federal system that has earned the unquestioned respect and confidence of American and foreign consumers. States should be encouraged to continue to assume their responsibility for the inspection of product for sale and distribution only within the state, by providing inspection of product for sale and distribution only within the state. By providing half the cost the Federal government is assuming its share. The surveillance given by Federal veterinarians and inspectors is still financed by the Federal government and not charged as a contribution to the state.

Emotional pleas are frequently heard that the small packer or processor cannot operate under the Federal program. This is not true. If the inspection and facility standards are equal as are required by the Act then there is absolutely no reason why the packer cannot apply for and receive the inspection. No plant is too small to be denied the right to engage in interstate shipment of meat. This was also the policy for many years prior to the passage of the Act of 1967. The drawings required to be furnished with the application are only those that will assure the ability to operate with due regard for good sanitation and the ability to perform inspections.

Much has been said in the past about the qualifications of the inspectors and the conditions under which they are employed, compensated and supervised. We have tried repeatedly to obtain information on whether states operate under a merit system comparable to the Federal system. The Act of 1967 has not been interpreted as requiring a system "equal to" for probably the most important element in a good inspection program, the men and women who perform the inspections. The enforcement of a program with such extensive control over product of high monetary value requires the highest standards of loyalty, integrity and morality. This is only assured when the inspector has good supervision and is assured of freedom to operate without threats of intimidation, assault or other interference with his ability to protect the health and welfare of the public. This is not provided in all of the state programs.

The United States exports large amounts of products from the meat industry that are surplus to our needs. We are deficient in the

amount of certain red meat and have to import large amounts of the leaner cuts of beef and mutton. On the other hand we must dispose of large amounts of edible fats and such products as livers and tongues which are surplus to our needs. We can expect that several foreign countries would not accept our products if other than Federally inspected products could be offered for export. We have only to look at our own requirements. In order to offer product for importation into the United States it must have been prepared under a *National* inspection system that has been specifically recognized as equal to that of the United States. In addition only those plants that have been specifically approved by the foreign government and accepted by the U.S. veterinary medical officer assigned to that country, are permitted to offer products for importation into the United States. At the time of entry the product is again inspected by the United States inspectors to be sure that it meets all requirements. It would be extremely unfortunate if our right to export was questioned due to a change in the present system where we set the standard for much of the world.

We strongly believe that S. 1919 should be rejected. The present system of Federal-State cooperation is a marked improvement over what we had prior to the time the Act of 1967 became operative. That job is not yet complete. The difficulties in a few states may result in some additional programs coming under the Federal Program. This will be determined by the citizens, legislators and top officials of those states. If they have the will to do so they will be encouraged to keep their programs. In actual practice some states just don't trust their neighbors in this important field and this might be a deterrent rather than an aid to free movement of meat.

We urge you to let the present law and its administration continue to operate without major change. To do otherwise would complicate the administration of this vital program and be a disservice to the American public.

Please make this letter a part of the hearing record.

Sincerely,

CLARENCE H. PALS, D.V.M.,
Executive Vice President.

P.S.—I retired as Director of the Federal Meat Inspection Service in 1965 after over 33 years in the program.

THE PRESIDENT'S PAY PROPOSALS

Mr. STEVENS. Mr. President, in the near future the Senate will be considering a resolution regarding the President's recommendation for salary increases for the top officials in the three branches of Government. As you know, unless we disapprove the President's recommendation it becomes law after 30 days of its receipt by this body. I intend to oppose any resolution disapproving this pay proposal because it is needed, and is very modest in its cost. Let me emphasize the modesty of this proposal. The Commission on Executive, Legislative, and Judicial Salaries recommended to the President a 25-percent increase as being fair and just. The President, with an eye to restraining national overall inflation, reduced this to 22½ percent and reduced it still more by phasing it over a 3-year period. If, in fact, we were to consider what the Cost of Living Council would have allowed for State and local governments, we can see how really modest the recommendations are. Where the law has kept a State or local government from raising the salaries of its top officials for several years, the Cost of Living Council allows multiplying the 5.5-percent annual guideline by the number of years since the last increase. Applying this principle to the Federal executive situation would produce a 27.5-percent immediate increase plus yearly increases of 5.5 percent. Thus, one can again see that this proposal is certainly in line with the overall attempt by the legislative and executive branches to keep inflation under control. Remember that Government officials have not received a salary adjustment since 1969, 5 years ago, yet the Consumer Price Index has gone up almost 30 percent; the average hourly earnings in the nonfarming economy has increased 29.5 percent; executives in private industry have seen their salaries go up to 25 to 30 percent; the salaries of Governors of our 50 States have moved up on the average of 26.5 percent; the general schedule salaries for Federal employees have increased 42.3 percent, and yet there are those who contend that this increase is uncalled for.

Let me remind you that we are not just dealing with salaries of Members of Congress, but of salaries of immediate concern to some 10,000 Federal employees. What we do on this matter will have a great impact on the ability of the Federal Government to attract or retain highly qualified individuals for Government service. I could cite a number of top executives who have left Government service to accept higher paying positions in private industry or State government. For example, recently two outstanding Federal judges resigned from the bench to accept positions in private practice. These individuals, one from Pennsylvania and one from Georgia, attributed the reason for departing to the need to improve for the financial security of their family.

This example points up a crisis in the judiciary. The legal profession generally is lucrative for exceptional lawyers in private practice. When a person is nominated for the bench he must make a decision weighing the income loss with the desire to make a contribution in public service. This is no small matter if he must worry about items such as educational opportunities for his children, mortgages, or other financial commitments. We expect our judiciary to be drawn from the highest caliber of talent in the legal profession. If that talent is to be drawn into public service then we should expect to provide an income sufficient to meet their needs. And, I feel Federal judicial salaries should be sufficient to justify an experienced trial or appellate court judge from the State systems to move to the federal system.

The Commission on Executive, Legislative, and Judicial Salaries surveyed the salaries paid to State court judges during the period 1968 to 1972. During that period the salaries of judges of State appellate courts of last report, excluding allowances, averaged an increase of 21 percent. The 1972 salaries ranged from $20,500 per annum in South Dakota to $45,150 in New York.

Thus, at the present time, the judges of the Federal courts are paid salaries almost on a par with the lower State courts. The current rate of $42,500 is in effect for judges of the circuit court of appeals, the Court of Claims and the Court of Customs and Patent Appeals. The rate of $40,000 is in effect for judges of the district courts and the Customs Court.

If we disapprove the recommendations for an increase in Federal judicial salaries it will be to the economic disadvantage of an experienced jurist to seek appointment to a Federal bench. State judicial salaries are being adjusted to meet the increase in living costs; if we disapprove this increase, it will be a signal that the Federal judiciary will be reserved for those who are financially independent. Nothing could harm the Federal judiciary more than to have this occur. Can the prestige of being a Federal judge and the knowledge of giving service on the national level outweigh the fact that a person earns more as a State judge and still give public service by serving on the bench? Can those factors outweigh the higher income of private practice?

I am not suggesting that we set Federal judicial salaries at a rate that it becomes an offer not to be refused. However, there is a matter of equity involved in this issue. When the first commission reported in 1968 their recommendations provided for Federal judicial salaries ranging from $67,500 for the Chief Justice to $47,500 for judges of the district and Customs Courts. Those recommendations were not acceptable to the President and were reduced to the present level.

Under the current recommendations, from the President, the judges of the district and Customs Courts will receive $43,000 in 1974, $46,200 in 1975 and $49,700 in 1976. In other words, it will be 1976 before their salaries reach the level recommended by the first commission to go into effect in 1969. Incidentally, the second commission recommended that these members of the judiciary have their salary increased to $50,000 per annum effective immediately.

These examples point up the problem all departments and Federal agencies in the Government are facing with regards to its best career executives. More than 1,000 of those in supergrade positions are now eligible to retire. Another 400 to 500 become eligible each year. By remaining in Government service these individuals are foregoing a cost of living annuity increase which raised annuities more than 10 per cent last year. Unless this pay raise increase is allowed to become effective, many of these individuals can and will substantially better themselves financially by retiring and accepting non-Government employment.

There is a situation in Government now where the executive GC–15, step 10, is drawing the same salary as his boss, his boss' boss, and on up to executive schedule V. This unfortunate situation is called the "compression factor." "Compression" is the term given when subordinates are given the same salary as his boss and his boss' boss, et cetera. Currently, this compression factor exists down through five levels of executives.

This situation is totally inconsistent with the American tradition of equal pay for equal work. What incentive is there for an individual in GS–16 to accept or even strive for a promotion which will mean the same amount of income, but much more work and a greater amount of responsibility and no greater retirement income?

Frankly this represents a problem that would never be allowed to occur under a system with any semblance of good labor relations or good management. No organization would create a situation in which six echelons of management are being paid at the same rate.

I need not remind you that if this legislation for disapproval of the President's proposal is passed it will be another 4 years before top Federal officials can hope for an increase in their income. By 1976 the situation will become even more critical. An individual at GS–18 level, for example, will be making some $15,200 less than his counterpart in private industry. This is contrary to the comparability principle adopted by Congress in 1962. But the comparability factor is only one way in which to gage how necessary this salary increase is.

The compression factor in 1976 will be equally unreasonable. Unreasonable in that from the upper levels of GS–14 through GS–15, 16, 17, 18, and executive schedule V will all be making the same amount. The situation is bad today; it will be much worse in 1976. I urge that the President's pay proposal be allowed to take effect.

One final note, most of us were Members who voted to fund the Commission on Executive, Legislative, and Judicial Salaries. We enacted those appropriations and gave the Commission the mandate to study those salaries and to determine what the rates of pay should be. I doubt that there are very many Members of Congress who did not expect that the Commission would recommend increased salaries. I find it somewhat difficult to understand why we expended the money for the Commission if we are now prepared to scuttle the results. The modest increase, a maximum of 22.5 percent for any one position over the next 3 years, are not beyond the realm of reasonability. I suggest that we accept the recommendations.

CIGARETTE ADVERTISING

Mr. MOSS. Mr. President, Action on Smoking and Health, an organization which has long been at the forefront of legal activities concerning cigarette advertising and promotion, has filed a petition with the Federal Trade Commission designed to regulate cigarette billboards.

I believe that this petition has much merit and should be closely studied for its recognition of the unique impact of billboards as an advertising technique. Therefore, I urge my colleagues to read this petition.

Mr. President, I ask unanimous consent that the text of the petition for rulemaking submitted by Action on Smoking and Health be printed in the RECORD.

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

[Before the Federal Trade Commission, Washington, D.C.]

PETITION FOR RULEMAKING IN THE MATTER OF ADVERTISING OF CIGARETTES ON BILLBOARDS

Petitioners: Action on Smoking and Health, Dr. Douglas A. Campbell, Interagency Council of D.C. Seventh-Day Adventist Temperance Department.

Attorneys for petitioners: John F. Branzhaf III and Joel D. Joseph.

I. ABSTRACT

Action on Smoking and Health (ASH) is herein petitioning the Federal Trade Commission to establish rules to regulate the advertising of cigarettes on billboards. Currently, cigarette billboards must display health warnings with two-inch high letters. ASH is proposing that cigarette billboards be banned as unfair and deceptive trade practice.

II. PETITIONERS

Petitioner Action on Smoking and Health (ASH) is a national non-profit charitable organization which serves as the legal action arm of the antismoking community. ASH has approximately 15,000 individual contributing members who support its activities and whose interests in the problems of smoking ASH seeks to further. In addition, ASH is supported and sponsored by a wide variety of health, educational and social welfare organizations, and a distinguished panel of individual Sponsors, including leading figures in the fields of medicine and public health. Attached, and hereby made a part of this petition, is a report more fully describing ASH, its supporting organizations, and its Board of Sponsors. ASH has initiated and engaged in numerous proceedings before the Federal Communications Commission and the Federal Trade Commission concerning cigarette advertisements and promotions, and before the Federal Aviation Administration and Interstate Commerce Commission concerning separate nonsmoking sections on aircraft, buses and trains. Thus its standing to initiate and participate in action before such agencies on behalf of the interests of its contributing members, supporting organizations, and individual sponsors has been clearly established.

Dr. Douglas Campbell maintains homes in Los Angeles, California, and Sun Valley, Idaho. Several years ago he led a successful campaign to rid Blair County, Idaho, home of Sun Valley, of billboards.

The Interagency Council on Smoking of D.C. consists of the following member organizations: American Cancer Society, D.C. Division; American Temperance Society; Community Health and Hospitals Administration of D.C.; the Congress of Parents and Teachers of D.C.; the Council of Churches of Greater Washington, D.C.; the Dental Society of D.C.; D.C. Public Schools; the League for Nursing of D.C.; the Lung Association of D.C.; the Medical Society of D.C.; the Medico-Chirurgical Society of D.C.; National Medical Association, Inc.; and the Washington Heart Association.

The Seventh-day Adventist Temperance Department represents over 500,000 members in North America and nearly three million members in 198 countries of the world. The Temperance Department conducts educational programs for the betterment of society and desires to end cigarette advertising because of its effects on the youth of this nation.

III. INTRODUCTION

The advertising of cigarettes on billboards in view of our nation's highways and in our cities should be controlled. Smoking of cigarettes is widely recognized as one of our major health problems, a contributing cause of heart disease, lung cancer, emphysema, and bronchitis.

There are several reasons why billboards were chosen from other forms of advertising. The reasons closely parallel the reasons that were given for the ban on TV and radio cigarette ads. The viewer cannot ignore billboards. Before children can read they see billboards, and may be influenced by a supersized cowboy or cowgirl smoking cigarettes.

Cigarette advertising on billboards is an unfair and deceptive trade practice. First of all, health warnings are too small to read from more than 120 feet. This difficulty is compounded when driving past at fifty miles an hour. Secondly, children who don't read can be influenced by the larger than life sized pictures of adults smoking cigarettes. Finally, billboards may have a subliminal effect on the viewer because of the speed at which he is passing and may not realize that he even saw the advertisement.

Banning cigarette billboards is consistent with Congressional policy and is constitutional. The FTC was given the authority, after July 1, 1971, to prevent unfair and deceptive advertising of cigarettes. The State of Utah banned cigarette billboards more than forty years ago, and their statute was upheld by the U.S. Supreme Court.

IV. THE UNIQUE HARM OF CIGARETTE BILLBOARDS

There are three basic reasons why cigarette billboards are more harmful than other cigarette ads. First of all, billboards are difficult to ignore, since they are thrust upon the viewer. Secondly, young children will see the ads and will be unable to understand the severity of the health hazard created by smoking. Both of these reasons were given for the Congressionally mandated ban on television and radio cigarette ads. Finally, eliminating cigarette billboards would remove some of the visible pollution from the sides of our highways in furtherance of the goals of the Highway Beautification Act of 1965.[1]

People do not choose to look at billboards as they choose to read magazines or newspapers. Billboards are intentionally placed on the sides of roadways and in our cities in order to attract the eyes and minds of people who are looking for something else, a street address, scenery, or whatever. These advertisements often have a short verbal message or a picture and seek to influence their audience at the first glance. Turning away from the billboard does not remove the effects of the advertisement, since the damage may have already been done.

Children are particularly susceptible to the ill effects of cigarette advertisements. Even before they can read, young children enjoy looking out of car windows at the new world around them. They are likely to be attracted and influenced by a cowboy smoking a cigarette, or by a huge, larger than life sized, adult smoking cigarettes. Our hope of reducing the amount of cigarettes consumed rests clearly on the possibility of preventing young people from getting hooked on this harmful and often deadly habit.

Removal of billboards will be beneficial to those interested in seeing an uncluttered view of our cities and countryside. If billboards are going to be eliminated, it would make sense to remove the most harmful ones first: the ones which preach for death and disease.

V. CIGARETTE BILLBOARDS AS AN UNFAIR AND DECEPTIVE TRADE PRACTICE

The advertising of cigarettes on billboards is an unfair and deceptive trade practice within the meaning of sections 5 and 12 of the Federal Trade Commission Act, 15 U.S.C., Sections 45 and 52, for three distinct reasons. First of all, health warnings are not currently

Footnotes at end of article.

clear and conspicuous. Secondly, young children who see these advertisements cannot understand the health hazard, and could not understand the hazard even if the warnings were larger. Third of all, viewers who pass by billboards at fifty or sixty miles per hour may be subliminally affected and increase purchases of cigarettes.

The Commission has the power to deal effectively with unfair and deceptive acts or practices. In *F.T.C.* v. *Sperry & Hutchison Co.*,[2] the Supreme Court stated that the Commission has broad authority to declare what commercial practices are unfair and/or deceptive. The Court approved the use of the following factors to determine unfairness and deceptiveness, enunciated by the F.T.C. in the Cigarette Labeling Rule: [3]

(1) whether the practice *offends public policy;*

(2) whether it is *immoral, unethical, oppressive, or unscrupulous;*

(3) whether it causes *substantial injury to consumers.*

Cigarette advertising on billboards falls within the scope of all three of these factors. Warnings that are too small to be read offend the public policy. Cigarette billboards are immoral, unethical, oppressive and unscrupulous because children cannot understand the warnings and because of the subliminal effects of these advertisements. It would be difficult to find a product more injurious to consumers than cigarettes.

A. Clear and conspicuous warnings

Pursuant to six consent orders,[4] cigarette advertisements are required to clearly and conspicuously disclose the dangers to health associated with cigarette smoking. The consent orders specifically require that on large billboards the following warning be displayed in two-inch high letters: "WARNING: THE SURGEON GENERAL HAS DETERMINED THAT CIGARETTE SMOKING IS DANGEROUS TO YOUR HEALTH." The consent order is contradictory. A warning with two-inch high letters on a twelve-foot-by-twenty-five-foot billboard is not *clear and conspicuous.* Petitioners contend that this ambiguity should be clarified by a rule prohibiting cigarette ads on billboards.

In the six consent orders the major tobacco manufacturers were ordered to "cease and desist from advertising any such cigarette unless respondent makes *in all advertisements* of such cigarettes a *clear and conspicuous* disclosure of the statement prescribed in Section 4 of the Public Health Cigarette Smoking Act of 1969 (Public Law 91–222) quoted above.

On July 1, 1971, the FTC "notified the six major cigarette advertisers that the Commission intended to issue complaints alleging that these firms violated the Federal Trade Commission Act by failing to make a *clear and conspicuous* disclosure in all cigarette advertising of the dangers to health associated with cigarette smoking." [5]

An FTC Press Release issued on July 1, 1971, stated: [6]

"The firms' failure to include a warning in advertising when they have information giving them knowledge of reason to believe that cigarette smoking is dangerous to health is unfair and deceptive and violates the FTC Act. . . . The proposed orders contained in the complaints would require that all future advertisements by the firms *clearly and conspicuously* include the same warning the Public Health Cigarette Smoking Act of 1969 requires to appear on every package. . . ."

The six consent orders were identical. Part I, subpart D, of the orders required that the Surgeon General's warning be at least two inches in height on large billboards. Two-inch warnings on billboards are not clear and conspicuous when motorists are driving past at high speeds and hopefully are paying full time and attention to their driving.

1. Current Warning Too Small To Be Seen

Beyond any reasonable doubt, the health warning now required and displayed on cigarette billboard advertisements is far too small to be seen, even by a person standing still, and under ideal conditions. Letters two inches in height can normally be seen by persons with so-called "normal" 20/20 vision, from a distance of no more than 120 feet.[7] This calculation assumes that the lighting is ideal, and that the viewer is standing still looking at one letter at a time, that the line of sight is perpendicular to the letter, and that the letter is black, on a white background, with the thickness of the lines of the letter being one-fifth of its height. Thus, even a person with normal vision, under ideal circumstances, could not read the letters of the warning from a distance of more than about 120 feet.

Even assuming that the viewer is standing still, it is highly unlikely that these other circumstances will exist. Lighting is usually far from ideal. Only in rare instances will the viewer be perpendicular to the billboard. The letters are not designed for optimal distance viewing. The contrast in many cases may be weak, and the warning may, in fact, be in color, or not in the black-on-white of sufficient density for optimal viewing.

Unfortunately, many people do not even have ideal vision. Thus, a substantial number of the population have vision which is no better than 20/30. Indeed, many of these people may be licensed drivers, and certainly many others have skilled occupations. People with 20/30 vision could see these letters under ideal circumstances at a distance no greater than 80 feet.

As the Commission knows, many billboards are situated far further than 120 feet from the viewer. Indeed, many billboards are more than 660 feet from the viewer, and others may even be further.[8] In contrast to the two-inch-high letters of the health warning, the pictures on billboards may be 10, 20, or more feet in height, and the size of the letters of the advertising message may be measured in feet, rather than inches. Clearly, these can be seen from great distances, whereas the warning cannot. Good examples of the invisibility of the warnings, even under static viewing conditions, are shown in Exhibits 1, 2, 4, and 5.

2. Viewing the Warning Is Complicated by Speed

In addition to the problems already mentioned, most billboards are viewed by drivers or passengers in cars which are moving past the billboard at reasonable rates of speed. This further complicates the problem of reading the health warning message. As previously indicated, any billboard more than 120 feet from the viewer cannot be read at all, regardless of the rate at which the viewer is moving. Where the billboard is closer to the highway than 120 feet, the speed at which the viewer is ordinarily moving nevertheless renders it almost impossible to see the warning.

To take just one example, assume that a billboard is no more than 20 feet from the road. Assume that the motorist is driving at a modest rate of 30 miles per hour. Under these circumstances the viewer will be within a distance at which it is theoretically possible to read the individual letters of the warning for no more than 2.6 seconds. In that brief period his eyes will have to notice the billboard, focus upon it, locate the health warning, focus upon the health warning, and then attempt to read it. The warning required on the cigarette billboards is 14 words in length. An average reading speed for adult, educated, literate Americans is approximately 250 words per minute.[9] Thus, even assuming that the motorist instantly located the warning, and looked directly at it during the entire period that he was within the viewing range, he would not be able to read the 14 words of the warning in the 2.6 seconds.

Moreover, in addition to the other impediments to viewing previously discussed, bad lighting, reflection, lack of perpendicularity, poor contrast, etc., a viewer under these circumstances would be required to continually refocus his eyes very rapidly, as the perceived size of the letters changed, as he moved toward it. In other words, the average reading speed of 250 words per minute is based upon a book which is held still, and at an optimal distance from the viewer's eyes. In this case the problem is one of reading a "book" hurdling toward us at 30 or more miles per hour.

Some small indication of the difficulty of reading the health warning while moving can be obtained by driving down an average city street and attempting to read street signs at 30 to 40 miles per hour. Typically, the size of the letters on such signs is far larger than two inches, and clearly the message is far shorter.

It must also be emphasized that, unfortunately, many Americans cannot read at 250 words per minute, and that children, and those with reading difficulties, may in fact be among the most impressionable. Again, by way of contrast, the messages on the cigarette billboards are made large, clear, simple, and distinct so that they can easily be appreciated, even if they are viewed only momentarily. Indeed, as will be indicated in some greater detail hereafter, it may very well be to the advantage of the cigarette companies to have their messages impressed upon the minds of viewers only fleetingly.

Exhibits 1 through 5 demonstrate that the warnings are too small to be seen unless the photographs are studied with a magnifying glass. When driving past a billboard at highway speeds, the warning becomes invisible.

Exhibit 3 demonstrates that some billboards do not even meet the minimal requirements of the consent orders. That some cigarette billboards should fail to include a health warning is an indication of the lack of respect that some tobacco companies have for the Federal Trade Commission.

The tiny warnings required by the FTC are even less visible, if that is possible, at night. Occasionally the health warnings on billboard ads will be blocked from the view of the public by an obstruction. Exhibit 4 is an example of this.

The health warnings are less visible in some of the ads because of the lack of contrasting colors. See Exhibits two and five.

In summary, the health warning on cigarette billboards is too small to be seen by motorists and passengers driving by at highway speeds. The requirement of two-inch letters is not adequate. The intent of the consent decrees to make the Surgeon General's health warning *clear and conspicuous* is being flouted.

B. Protection of children

Obviously, the most critical audience for the health warning notice is children. Most adults have already made a determination as to whether or not they should smoke. The very limited success of the warning on packs of cigarettes is a good indication that a person who has already decided to smoke is not apt to be effectively influenced by a warning. By way of contrast, children typically do not make this determination until their early teens.

Up to that point, they are receiving a variety of impressions, images, and ideas from society around them. Although parents and peers are a major force in determining a child's attitude with regard to smoking, it is clear that other stimuli also play a major role. It is, of course, largely for this reason that cigarette advertising on radio and tele-

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Footnotes at end of article.

vision was banned. It was a media which was viewed or listened to by children, and one which they could appreciate and receive the message from, even before they knew how to read. Cigarette billboards, almost uniquely among other means now used to advertise cigarettes, have exactly the same vices.

By and large, pre-teenage children do not read newspapers. They therefore are not exposed to cigarette advertising in this medium. To a great extent, pre-teenage children, and most certainly the younger children, do not read general circulation magazines which contain cigarette advertising. The day when a young child would leaf through a large picture magazine such as *Post, Life,* and *Collier's* has disappeared with the demise of the large picture magazine. Indeed, if one were to take the top 10 or 20 magazines in this country which do feature cigarette advertising, it would be unlikely that young children would be among their readership. Thus, children are not exposed to that source of advertising. Other popular means of advertising cigarettes, such as point-of-display advertising, paper back book inserts, coupon offers, etc., also have very little, if any, impact on children, particularly those who do not read.

In contrast, children are incessantly exposed to cigarette billboards. Their curiosity and restlessness while driving, in fact, makes them prime candidates, as any harrassed parent will testify. Even before they can read, children can appreciate cigarette billboard advertising. As the FTC knows, and as indicated very briefly in our exhibits, the messages cigarette billboards convey are very easily received by children. Even before they can read, they see cigarettes being smoked by happy, healthy-looking people, many of whom, such as cowboys, have a special appeal to children. Thus, as they drive down a typical highway, children will see billboards showing large authority figures happily, and apparently healthily, smoking. On occasion, cigarettes will also be associated with visual images which appeal to children. Cigarettes shown before woodland pools, flowing streams, outdoor scenes, and in connection with people engaged in outdoor and sports activities, e.g., hiking, bicycling, etc., naturally appeal to the children. Those who cannot, of course, be protected by the exsting health warning, or, indeed, by any other warning made up simply of words they cannot read. Even those above a certain age with a limited ability to read cannot, as we have previously demonstrated, be expected to read and comprehend the minuscule health warning stuck off in a corner of large billboards as they whiz by.

There are additional reasons why we should be increasingly concerned with the effect of cigarette billboard advertising on children. Our long-term hope for reversing the continuing increase in cigarette consumption and the resulting disability and mortality clearly lies with the young people. Deception which touches them on this life and death matter is far more critical than otherwise. In addition, the demonstrated inability of people to stop smoking once they have begun the habit increases the need for a clear and adequate health warning when they are young. A deceptive ad for cigarettes aimed at children is far more serious than one for virtually any other product. Many other products as to which they might conceivably be deceived present little, if any, danger and, at most, the harm to them and to society is a waste in resources through the purchase of products which do not perform as promised. Where the products are dangers to the children, the dangers are normally many degrees of magnitude below that of cigarettes. Cavities from candy, poor nutrition from soft drinks, lack of exercise, etc., have no comparison with consumption of a product that could easily cause premature death and disability. Finally, even where the decision relates to a product which presents some kind of a danger, children can generally, upon obtaining maturity, re-think the decision and cease to consume the product or engage in the activity. In striking contrast, we know today that the majority of adult smokers would like to stop smoking, but are unable to do so. A large proportion have, in fact, tried one or more times. Large clinics, plans, devices, medications, and programs in ever-growing number are dramatic testimony to the inability of a person to later change his mind about the problem of smoking.

The **FTC,** with a long-standing policy to protect children, can act to prevent tobacco companies from preying on the innocence of our younger generation in order to keep sales of their deadly products at high levels. If we can prevent our youngest generation from becoming addicted to tobacco, we will have gone a long way toward reducing lung cancer, heart disease, emphysema, and bronchitis.

"Because the audience exposed to cigarette advertising included substantial numbers of children, the Commission viewed broadcast cigarette advertisements as one of the principal problems posed by the promotion of cigarettes in this country in 1967." [10] The Commission estimated that approximately one-fourth of the exposure to cigarette commercials broadcast on network television programs during the month of January 1967 were viewed by persons who were two to 17 years of age.

In its June 30, 1969 report to Congress, the Commission stated at page 14:

"This trend toward smoking at earlier ages should be considered in light of the recognized medical fact that the earlier the starting age, the greater is the risk of contracting lung cancer and other diseases associated with cigarette smoking. Furthermore, it has been reported that even though an individual has been smoking for a relatively short period of time, significant changes in blood chemistry may have occurred which may cause detrimental long range effects." (Citations omitted)

In its June 30, 1967 Report to Congress, the Commission stated at page 13:

"Whatever effect this exposure of youth to cigarette advertising may have, it is a fact that in this country the general trend is toward smoking at an even earlier age. The only national survey on the subject, conducted in 1955 by the Bureau of Census under the auspices of the United States Public Health Service, revealed that the median age at which males began smoking was 19.3 for those born prior to 1890; 18.4 for those born in the decade 1901–1910; and 17.9 for those born 1921–1930. The female experience has been even more pronounced, the median age for the three periods being respectively 39.9, 26, and 20."

Even the Cigarette Advertisers Code, Appendix D to the June 30, 1969 FTC Report to Congress, has provisions relating to the protection of children from the harm of cigarette advertising. The Code:

1. Banned smokers in ads who are or appeared to be under 25 years of age.

2. Stated that ads may not appear to come from a campus.

3. Stated that "Scenes involving children have been almost completely eliminated."

4. Stated that recognizable rock and roll tunes in cigarette commercials are considered to appeal directly to youth, and are so ruled out.

C. Subliminal effects of billboards

The use of subliminal techniques in advertising is clearly an unfair and deceptive trade practice. Both the Federal Communications Commission [11] and the Federal Trade Commission [12] have issued statements warning that such techniques should not be used. The FCC stated that use of subliminal cuts on televised advertisements could be reason for denial of license renewals. Even the advertising industry's "Television Code" prohibits use of "any technique whereby an attempt is made to convey information to the viewer by transmitting messages below the threshold of normal awareness. . . ." [13]

Subliminal techniques appeal to the subconscious mind without the viewer being aware that he is being seduced. The most common subliminal technique is the "subliminal cut." A subliminal cut is when one frame is spliced into a film with a simple message, e.g., "Buy X." The viewer does not consciously read the subliminal cut, but studies have shown that viewers' behavior is affected.[14]

Billboards may have an effect on people driving past them similar to that of a subliminal cut. Driving past a billboard at sixty miles an hour is quite similar to seeing one frame of a movie. What billboards did you see today?

The average family is exposed to approximately 178 outdoor billboards every day.[15] Do you remember the forty or so billboards you saw today, or the 300 you saw last week, or the 15,000 you saw last year? You might not remember, but your subconscious probably does.

What does all this have to do with cigarette billboards? First of all, when a smoker trying to give up cigarettes, constant conscious reminders—let alone subconscious reminders—may prevent him or her from giving up the habit. Secondly, children may be subliminally attracted to cigarettes by billboard advertisements, and started on their way toward a deadly habit. How many people do you know who smoke who have no idea why they started smoking?

All billboard advertising may have subliminal effects, but subliminal cigarette advertising is particularly abhorrent when it may prevent adults who consciously want to break their cigarette addiction from doing so. It is similarly despicable when it leads innocent children to take their first puff, and subconsciously urges them to continue. Cigarettes are associated with "healthy" activity: A viewer who could actually read the health warning on a billboard, but subconsciously be "convinced" by the associative themes of the advertisements. The Commission has summarized cigarette advertising themes as follows: [16]

"Cigarette smokers continue to be depicted as a class worthy of emulation, albeit occasionally for inconsistent reasons. For example, some brands are associated with individuality and independence, others with doing what is popular. But the net effect is to portray smoking as socially desirable, healthful, youthful and contributing to, or reflecting material success. The health hazards of smoking are ignored or denied, usually by means of indirect references."

These associative themes become imprinted in the subconscious mind of the viewer when seen again and again on the sides of roads and highways. Cigarette ads of this type cause children to start smoking and make it exceedingly difficult for adults to stop smoking.

VI. CONGRESSIONAL POLICY REGARDING CIGARETTE ADVERTISEMENT ON BILLBOARDS

Banning cigarette billboard advertising is clearly consistent with Congressional policies. The Public Health Cigarette Smoking Act of 1969 [17] (P.H.C.S.A.) establishes Congressional policy with respect to the relationship between smoking and health and the advertising of cigarettes. The Highway Beautification Act of 1965 [18] sets the national legislature's stand on the issue of billboards generally.

Footnotes at end of article.

The P.H.C.S.A. stated in its declaration of policy:

§ 1331. Congressional declaration of policy and purpose.

It is the policy of the Congress, and the purpose of this chapter, to establish a comprehensive Federal program to deal with cigarette labeling and advertising with respect to any relationship between smoking and health, whereby—

(1) the public may be adequately informed that cigarette smoking may be hazardous to health by inclusion of a warning to that effect on each package of cigarettes; and

(2) commerce and the national economy may be (A) protected to the maximum extent consistent with this declared policy and (B) *not impeded by diverse, nonuniform, and confusing cigarette labeling and advertising regulations with respect to any relationship between smoking and health.* (Italics added)

The same Act prohibited advertisements for cigarettes on television and radio.[19] The legislative history of this provision establishes that one reason the media of electronic communication was singled out was because of its effect on youth. Senator Moss stated it as follows: [20]

"It is not in the public interest any longer that cigarettes be advertised on the airways, a medium that is unique, reaches into every household, *and is particularly viewed by the young.*" (Italics added)

The Federal Trade Commission has had authority to act to prevent unfair and deceptive advertising of cigarettes since July 1, 1971.[21] Since advertising cigarettes on billboards is prohibited in some areas of the country, and permitted in others, the FTC could create a national standard of "no cigarette billboards" to implement Congressional policy of uniform advertising regulations. The Highway Beautification Act establishes a national policy to eliminate billboards near interstate and primary national highways:

§ 131. Control of outdoor advertising.

(a) The Congress hereby finds and declares that the erection and maintenance of outdoor advertising signs, displays, and devices in areas adjacent to the Interstate System and the primary system should be controlled in order to protect the public investment in such highways, to promote the *safety* and recreational value of public travel and to preserve natural beauty. (Italics supplied)

The Commission has four grounds for banning the billboard advertisement of cigarettes, each perfectly consistent with Congressional policy:

1. Cigarette advertising on billboards is an unfair and deceptive trade practice because the warnings are not clear and conspicuous, and because of the possible subliminal effects of such ads.

2. To protect the youth of this nation from cigarette solicitation.

3. To provide a uniform national standard of "no cigarette billboards" since they are prohibited in several states.

4. To remove billboard clutter from the sides of our nations roads and highways.

VII. CONSTITUTIONALITY OF A CIGARETTE BILLBOARD BAN

The State of Utah has banned the advertising of cigarettes and tobacco products on billboards, street car signs, street cars, placards and other places of display for about fifty years.[22] The same Utah statute permitted the advertising of cigarettes and other tobacco products in newspapers, magazines and periodicals. This statute was found to be constitutional in *Packer Corp.* v. *Utah*, 285 U.S. 105, 76 L.Ed. 643, 52 S.Ct 273 (1932).

Mr. Justice Brandeis delivered the opinion of the court in *Packer:* [23]

"Advertisements of this sort are constantly before the eyes of the observers on the streets and in street cars to be seen without the exercise of choice or volition on their part. Other forms of advertising are ordinarily seen as a matter of choice on the part of the observer. The *young people* as well as the adults have the message of the billboard thrust upon them by all the arts and devices that skill can produce. In the case of newspapers and magazines, there must be some seeking by the one who is to see and read the advertisement." (Italics added)

Most states have banned the sale of tobacco products to minors. Since the sale of tobacco can be regulated, solicitation of sales can similarly be regulated. In *State* v. *Packer*, 77 Utah 500, 297 P. 1013 (Supreme Court of Utah 1931) the court stated:

"We see no reason why the state which may prohibit or limit the sale of this article, may not also limit or restrict the solicitation of the sale, especially where, as here, it has prohibited the sale to minors. Such solicitation by advertisement is for the purpose of increasing the demand for and use of tobacco. These advertisements do not appeal alone to the class of persons who may lawfully purchase and use cigarettes and tobacco; they are general in their nature, and appeal to all classes and ages of our population. *It is inconsistent to say that the Legislature may lawfully prohibit the sale of tobacco to minors of both sexes, but is without power to place any restriction on the solicitation of such persons by advertisements.* Laws have been enacted in almost every state in the union prohibiting the sale of tobacco or some of its manufactured forms to minors, but, notwithstanding the enactment of these laws and the attempt to enforce them, the tobacco habit has made great inroads into the youth of the country. The reason would seem quite plain. Manufacturers and dealers have been left free to appeal to the boys and girls as well as adults with most alluring and attractive cigarette and tobacco advertisements. It is almost useless to pass laws prohibiting the sale of tobacco to minors, and at the same time make no attempt to restrict the solicitation of these same minors. . . ."

VIII. RELIEF REQUESTED

Petitioners respectfully contend that the only effective way to eliminate the unfair and deceptive practices discussed herein is to ban the advertising of cigarettes on billboards. To do less would be playing into the hands of an industry which thrives on an addiction which causes serious illness and death.

Even if warnings were ordered to be significantly larger, children would still not be protected. The hazards to health of smoking are certainly a very material factor which should not be hidden in small print.

Respectfully submitted,

JOHN F. BANZHAF III.
JOEL D. JOSEPH.
Attorneys for Petitioners.

Dated: February 6, 1974.

FOOTNOTES

[1] Public Law 89-285, October 22, 1965, 79 Stat. 1028, 23 USC §§ 131, 135, 136 and 319.

[2] 405 U.S. 233 (1972).

[3] Trade Regulation Rule on Unfair and Deceptive Advertising and Labeling of Cigarettes In Relation To Health Hazards of Smoking, 29 Fed. Reg. 8324, 8355 (1964).

[4] In the Matter of Lorillard, A division of Loew's Theatres, Inc., File No. 712-3731.

In the Matter of Phillip Morris, Inc., File No. 712-3732.

In the Matter of American Brands, Inc., File No. 712-3733.

In the Matter of Brown and Williamson Tobacco Corp., File No. 712-3734.

In the Matter of R. J. Reynolds Tobacco Co., File No. 712-3735.

In the matter of Liggett and Myers, Inc., File No. 712-3736.

Docket Nos. C-2180 to C-2185, 80 FTC 455, Mar. 30, 1972.

[5] F.T.C. Report to Congress Dec. 31, 1971 at pp 15, 16.

[6] F.T.C. Press Release July 1, 1971.

[7] See attached affidavit of Dr. Allen R. Konstoroom, Optometrist; Lionel Laurance and H. Oscar Wood, *Visual Optics and Sight Testing* (1936); and W. D. Zoethout, *Physiological optics* (4th ed. 1947).

[8] See Public Law 89-285, October 22, 1965, 23 USC § 131.

[9] Albert J. Harris, *How To Increase Reading Ability*, 508 (4th ed. 1961). See also Paul D. Leedy, *Read With Speed And Precision*, 15 (1963).

[11] F.C.C. Information Bulletin, "Sublim-

[10] F.T.C. Report to Congress Dec. 31, 1971. inal Projection," Feb. 1971.

[12] F.T.C. [According to a January 4, 1974 conversation with Gerald J. Thain, Assistant to Director of Bureau of Consumer Protection Federal Trade Commission, he was unable to locate this statement after a diligent search, but he believes that such a statement was issued in 1958.]

[13] The Television Code, National Association of Broadcasting, 17th Ed., April 1973, p. 5.

[14] *Subliminal Seduction*, Wilson Bryan Key, 1973, Prentice-Hall Inc., Englewood Cliffs, New Jersey, p. 23.

[15] Speech delivered by Edwin W. Ebel, then Vice President and Marketing Director of General Foods Corporation, quoted in Bauer and Greyser, Advertising in America: The Consumer View, 1968, p. 173.

[16] F.T.C. Report to Congress June 30, 1969, p. 262.

[17] Public Law 91-222, 84 Stat. 87 Stat. 87, 15 U.S.C. 1331 *et seq.*

[18] 23 U.S.C. § 131.

[19] 15 U.S.C. 1335.

[20] 1969 U.S. Code Congressional and Administrative News at 2671.

[21] 15 U.S.C. 1336.

[22] 1953 Utah Code Annotated § 76-11-1.

[23] At 110.

AFFIDAVIT OF DR. ALLEN R. KANSTOROOM, OPTOMETRIST

District of Columbia ss:

Dr. Allen R. Kanstoroom, Optometrist, having been duly sworn on oath, deposes and says as follows:

1. I am a graduate of Northern Illinois College of Optometry (1949) and have practiced Optometry for 23 years in the District of Columbia.

2. The science of optometry has determined a range of visual acuity which it considers to be "normal." In this system 20/20 is considered to be the norm. This means that a person with 20/20 vision can distinguish a letter as small as 8.7 mm in height (25.4 mm = 1 inch) from a distance of 20 feet. A person with 20/30 vision can see from 20 feet what a person with 20/20 vision can see from 30 feet. All these determinations are made under optimal illumination conditions, by the person looking at one letter at a time, perpendicular to the plane on which the letter appears, and the lines of the letters of optimal thickness and intensity.

3. There is a linear relationship between the height of letters which a person can see and the distance from which he can see them. In other words, if a person has 20/20 vision he can distinguish letters as small as 8.7 mm from 20 feet; from 40 feet this same person could distinguish letters as small as 17.4 mm [2 x 8.7 mm]; at 100 feet, 43.5 mm [5 x 8.7 mm] (1.7 inches).

4. Using the principles demonstrated in paragraph 3, a person with 20/20 vision should be able to see two-inch-high letters from a distance of no more than 117 feet. This calculation assumes that the lighting is ideal and that the viewer is standing still, looking at one letter at a time, that the line

of sight is perpendicular to the letter, and that the letter is black on a white background with the thickness of lines of the letter being one-fifth of its height.

5. The ability of a person with 20/20 vision to distinguish letters is significantly diminished when illumination is less than ideal, when the letters are thinner than one-fifth of their height, when the viewer is at an angle less than 90 degrees from the letter, and when the viewer is driving past in an automobile.

6. At a distance of 100 feet it would be virtually impossible for the average person to read a warning in two-inch-high letters while driving past at 25 miles per hour.

Dr. ALLEN R. KANSTOROOM.

WHEAT SHORTAGE DANGER

Mr. HUMPHREY. Mr. President, an important article by Morton I. Sosland, entitled "Is the United States Running Out of Wheat?" appeared in the New York Times of February 24, 1974.

The author highlights a concern that the present Administration does not see the need for maintaining an adequate grain reserve, but rather is interested primarily in selling as much as possible. The serious adverse impact of this viewpoint upon American consumers and other nations, is made abundantly clear in this article.

Mr. Sosland notes that the expected carryover of U.S. wheat by July 1 will be only 178 million bushels—the lowest level in 27 years. This compares with stock of 438 million bushels a year ago, and it would amount to only about one-third of domestic food use.

Mr. President, I have strongly urged early action by Congress to prevent critical grain shortages in our Nation. Senate committee consideration will be given in the near future to legislation I have introduced, calling for the establishment of domestic and world food reserves.

As the New York Times article points out, we must address not only a potential "domestic nightmare," but also the serious possibility of extensive starvation in less developed nations.

Mr. President, I ask unanimous consent that the article by Mr. Sosland be printed in the RECORD.

Mr. President ,I also call your attention to another article of Febraury 26 in the New York Times entitled "Wheat Stocks are Depleted by Huge Exports." This article highlights again the debate over levels of grain reserves and the impact on food prices. I request unanimous consent that this article by Douglas Kneeland be printed in the RECORD.

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

[From the New York Times, Feb. 24, 1974]

IS THE UNITED STATES RUNNING OUT OF WHEAT?

(By Morton I. Sosland)

The possibility that American stocks of wheat may be exhausted sometime this spring and that flour and bread may become scarce items on grocers' shelves should be perceived as part of an issue far beyond the supply of sandwich bread or hamburger buns.

The issue gradually surfacing is to determine who is responsible for assuring an adequate food supply not only for this country's people, but for hundreds of millions around the world.

At the center of the debate is a conscious Government decision not just to let the marketplace encourage production of crops (which it can do better than any other known device) and determine channels of disappearance (which it does with cold economic logic) but also to let the marketplace be the judge of how low year-end stocks should be allowed to go.

It is the latter decision that accounts for much of the current controversy. Does someone or something beyond the law of supply and demand have responsibility for establishing food stockpile policy?

This is no small issue. It will be the central focus of a special United Nations session to be held this November in New York. The initiative for that world food conference came from Secretary of State Kissinger last summer.

One senses that the Kissinger suggestions were made without much input from Secretary of Agriculture Earl L. Butz, who almost simultaneously was telling a meeting of the U.N.'s Food and Agriculture Organization in Rome that he saw no need for alarm over world food supplies.

Mr. Butz said the United States had grave doubts on the advisability of a stockpile of food held under international auspices.

As if to underscore the problem, Secretary Butz's principal policy adviser, Assistant Secretary Carroll G. Brunthaver, resigned at the start of this year.

Dr. Brunthaver, who loyally had defended the line of the Agriculture Department (perhaps he developed it) that the Government had no responsibility for holding or establishing a food reserve, has joined the staff of the Brookings Institution in Washington where he will conduct a six-month study of the food reserve question.

The food-reserve issue can best be explained in the context of wheat.

According to Government calculations, the United States carryover of wheat (that is, the stock of the grain held on farms, in elevators and in transit) will be 178 million bushels this July 1, the smallest in 27 years.

That stock is down from 438 million a year earlier and compares with more than a billion bushels held for many years in the nineteen-sixties. Such a stock would be only a little more than a third of domestic food use in the United States and would be less than 10 per cent of total annual disappearance, right now near 2 billion bushels.

The Department of Agriculture maintains great bravado in casting aside all concerns over such a dramatic drawdown. That official attitude is highly distressing to millers and bakers.

The industry spokesmen not only see the possibility of the stock being smaller than the forecast, due to larger exports than the Agriculture Department expects, but they also warn that confidence over such a supply hinges largely on our having perfect growing and harvesting conditions for the 1974 wheat crop.

Much of the official confidence stems from the expectation that the harvest of the new wheat crop in the early producing areas—mainly Texas and Oklahoma—will be under way well before the start of the new crop year on July 1.

Thus, Mr. Butz and his associates say, a 178-million-bushel carryover on July 1 neglects the availability of the new crop.

That argument is fallacious on two grounds. Having large quantities of new-crop wheat available in late May and June depends on perfect weather for harvesting in an area that historically has very erratic late spring weather.

Another serious fault is that mills in northern areas of the nation—such as the Upper Midwest and North Atlantic states—do not have wheat from the new crop available until August and September at the earliest. Thus the stocks these areas hold on July 1 have to last for a month or longer.

The possibility of a poor 1974 crop is a grim prospect for the United States consumer, whose reliance on flour-based foods has been increased by soaring prices of other foods.

Heaviest consumption of flour-based foods is among people with low income levels. To penalize them for the absence of an American food-reserve policy is an unpardonable neglect of minimal government responsibilities.

The threat of our running out of wheat is not just a domestic nightmare. It extends to many corners of the world.

Because North America—the United States and Canada—has long been the principal grower of wheat for export, and in most past years had a surplus that had to be moved into world markets at concessional sales while building up mountainous stocks at home, other nations have been lulled into a casual attitude about protecting their own supplies.

Right up to the summer of 1972, when the Russian buyers came to New York and bought more wheat (422 million bushels) than any country had ever bought from another, official United States policy was to encourage other nations to rely upon American supplies.

This country was the candy store to which buyers could come and select the types of wheat wanted in unlimited supply and at almost constant prices over a long period of years.

Few countries built facilities to hold their own stocks and many embarked on programs of economic expansion fueled by the availability of cheap American wheat. Japan is a leading example.

Although the fantastic upturn in prices has stimulated major expansion in seeded acreage and in prospective production, no nation, except perhaps the Soviet Union, has been able to build up its own reserves.

In a season like the present one, when the United States is making its wheat available without regard for either domestic requirements or without ascertaining whether all real food needs are being met in foreign countries, most developing nations are forced to refrain from buying all the food they need by the price factor alone.

Soaring oil prices have served to compound the food-supply problems of countries like India, Bangladesh and Chile.

Thus, the 178-million bushel carryover in the United States along with several hundred million in Canada and some additional wheat in a few other industrialized nations, becomes the total world stockpile of grain.

It is probable that aggregate world holdings of grains at the end of the current crop year this summer will be equal to hardly a month's needs.

If a short crop occurs, due to poor growing weather in any sizable area of the globe, many millions could starve.

[From the New York Times, Feb. 26, 1974]

WHEAT STOCKS ARE DEPLETED BY HUGE EXPORTS; OUTLOOK ON PRICE IS UNCERTAIN BEFORE NEW CROP COMES IN

(By Douglas E. Kneeland)

WASHINGTON, February 25.—For the first time in a generation, American wheat supplies have been depleted so low that the bottom of the bin is almost in sight.

And there are some who contend the bottom will be scraped before enough of the new crop can get to market to prevent soaring prices of wheat, then of flour, and finally of bread and other baked goods.

Others, both in and out of government, consider that view to be somewhat hysterical. They do acknowledge concern about the tight supply situation that will exist for the rest of the 1973–74 crop year, which ends June 30. But they argue that predictions that the United States will be out of wheat on July 1 might create a panic that would drive prices up still further.

Moreover, they maintain that the nation will have a small surplus of wheat from the 1973–74 crop.

The American Bakers Association touched off the debate early last month by calling a news conference. Their spokesmen declared that unless the Government acted to slow wheat exports, shortages could cause the price of a pound-and-a-half loaf of bread to go as high as $1.

Since then, the bakers, supported by some experts on the grain industry, have not been moved by Department of Agriculture assurances that there would be, as usual, a carryover of wheat despite the high level of projected exports.

In their Pennsylvania Avenue headquarters, about a block from the White House, the bakers are preparing a campaign to try to marshal the support of Congress and the American consumer.

"Earl Butz [the Secretary of Agriculture] is really the Minister of Agricultural Propaganda," said Robert Wager, the intense, dark-haired president of the bakers association. "That's what he is and that's what he does. He's been playing a shell game for the American consumer for a year and a half. The question is, when are the American people going to call him to account?"

He turned out a statement to be mailed by the thousands across the country. It said:

"Unless U.S.D.A. acts, and acts quickly, there may be a bread shortage or no bread in America this spring and summer. People may have to stand in line for a loaf of bread, at much higher prices, the way they now wait in line to buy gasoline."

CAN'T BAKE WORDS

"Bread shortages and empty bakery shelves can be avoided. If there is enough wheat there will be enough bread. But the Agriculture Department gives us nothing but words. We can't bake words and Americans can't eat words. Inaction now will mean breadlines later."

Tomorrow, the bakers and their allies will hold a rally in the New Senate Office Building. The reason, as Mr. Wager explained, is "to say to the Administration, 'You're wrong. It's not only bad for industry, it's bad for the American consumer.'"

Senator Henry M. Jackson, the Washington Democrat who has been critical of the 350 million-bushel Soviet wheat deal consummated two years ago, will speak.

Although the bakers have devoted most of their public expressions of outrage to the possible threat of higher bread prices and serious shortages of baked goods, they acknowledged having other worries.

"At lot of our people could not stay in business for four weeks if there was no flour," Mr. Wager said. "Their cash position isn't that good."

He said that many bakers, especially the smaller independents, could not risk ordering flour more than the usual 60 to 90 days ahead in the event that prices dropped and they were left with large stocks of high-priced ingredients.

The crux of the bakers' dispute with the Department of Agriculture is whether the United States has oversold its 1973–74 wheat crop.

In debating the most recent projections that 178 million bushels of wheat will be carried over on July 1 (the lowest amount since 1947, when only 83.8 million bushels remained on that date), the bakers use the Department of Agriculture's own figures.

With a carryover last year of 438 million bushels, imports of one million and a record crop of 1.711 billion, the total supply for this crop year was 2.15 billion bushels.

The department estimated that 772 million bushels would go for domestic use for the year, 532 million would be used for food, 80 million for seed and 160 million for feed for livestock. This left a balance for export of 1.378 billion bushels. However, counting the exports already shipped, those already committed for shipment and export products from wheat and flour, the bakers came up with a total need of 1,378.9 billion bushels, a shortfall of 900,000 bushels.

FIGURES DISPUTED

Not so, says the Department of Agriculture. Its spokesmen argue that the bakers erred by including 155 million bushels reported by shipping companies in an "unknown destinations" category.

"We happen to think that many of those 155 million bushels marked for unknown destinations will never be shipped," said Richard E. Bell, a deputy assistant secretary.

He and other department officials said they considered the companies' reports on such wheat "a hedge against possible export controls." In other words, they believe that the grain traders listed some supplies of wheat for export even though they had no firm commitments for them just in case the Government decided to bow to domestic pressures and shut off new sales.

However, department officials, who believe the country's credibility in international markets was severely injured by the embargo on soybean shipments for two months last summer, insist that the nation should never take such an action again.

"What we're saying," said Dawson Ahalt, a department economist, "is that we've opened these markets up in free world trade and no way can we turn around and slap on export controls because one segment of our food industry has not covered itself for the next two or three months."

Mr. Wager, the bakers president, suggested that if rising bread prices should further anger consumers about the time the full House of Representatives was considering the impeachment of the President the White House might have a change of heart about limiting exports for the remainder of the crop year.

However, Mr. Bell, the deputy assistant secretary, said he considered the 1.2 billion bushels (rather than the 1.378.9 billion cited by the bakers) projected for total exports "quite reasonable." He noted that the Soviet Union had agreed to help by deferring the shipment of 37 million bushels. Half of the total being deferred was not included in the figures available to the bakers.

WINTER WHEAT

Moreover, he pointed out that while the official new crop year did not begin until July 1, a considerable amount of winter wheat is harvested before that date in Texas, Oklahoma and Kansas. That wheat, a hard red winter, is used principally for bread.

"Looking into this," Mr. Bell said, "we think about 300 million bushels will be available by June."

As for the 1974–75 crop, the department is predicting another bumper year. Spokesmen expect a record production of 2.06 billion bushels to go with the 178 million carryover, and a million in imports for a total availability of 2.239 billion bushels. With domestic use projected at 760 million bushels and exports at one billion, the carryover on July 1, 1975, would be 479 million bushels.

If such prospects are fulfilled, most experts don't expect the price of wheat to shoot up to levels later in the year that would make $1-a-loaf bread a possibility. Neither do they expect the price, which is about $6 a bushel now, to fall back even to the $3 level that was every farmer's dream a year or so ago.

While they don't see the country running out of wheat or bread, representatives of millers and wheat growers and some independent experts in the field were somewhat more cautious than the department.

Most of these experts agreed that the country should have a minimum carryover of 125 million bushels to keep enough wheat in the pipeline in case of crop failures in some areas or transportation problems. And most thought that if the department was guessing wrong on total exports, some shortages could develop.

"Regardless of what we say of the carryover, we're guessing," said Jerry Rees, executive vice president of the National Association of Wheat Growers.

AMNESTY

Mr. STEVENS. Mr. President, on January 22, 1974, my good friend, former Secretary of the Army, Robert F. Froelke, delivered a speech in Los Angeles covering several contemporary issues, including the important and controversial subject of amnesty. Secretary Froelke's soul-searching remarks in support of the concept of encouraging the return of those who fled America in violation of draft laws should be brought to the attention of the Senate for he is convinced that the time has come to seriously consider what can be done to secure the return of those young Americans residing in self-imposed exile in foreign countries.

I ask unanimous consent that the remarks of Robert F. Froelke be printed in the RECORD.

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

REMARKS OF ROBERT F. FROELKE

Today there are three areas I wish to cover:

1. My view as to why I believe a U.S. armed force is important.

2. Why the army is the most important part of that armed force.

3. My opinions as to the kind of an army necessary in the 70's.

Before we cover these areas, however, I have two other observations. Many people have commented that it was unusual for someone from the insurance industry to be running the U.S. Army. Others have thought it even more inconsistent that I returned in 1973 to the same insurance company I had left in 1969 rather than join a firm associated with the military-industrial complex.

I believe the move from Army to insurance business is most consistent because of the parallels between the two. In both institutions I heard carping occasionally about premiums being too high. (But never did I hear those remarks from anyone when their home was burning or when their car was involved in an accident.)

From 1969 through September, 1973, there was considerable criticism of the high cost of defense. It was a major 1972 campaign issue. But suddenly, as of October, 1973, and the Mid-East hostilities the criticism ceased and Congress rushed to ADD two billion to defense budgeting for aid to Israel rather than further paring of the budget as Congress had been debating. The insurance-Army parallel continues as I look back on four and one half years in Defense and Army. For those years I was insuring peace.

My second point in this prologue involves Watergate and all the word stands for. It is not that I enjoy discussing Watergate for I do not. But, I have learned in talking with varied audiences that if I don't bring Watergate up half of you believe I am involved and the other half think that I am ashamed even to mention it.

How do I feel about Watergate? I have mixed emotions—all bad. One, I am terribly embarrassed. I am embarrassed because I was a part of the Nixon administration. I truly do not know who did what to whom, but ob-

viously some high ranking members of this administration did something illegal, probably immoral and without question, very stupid.

As a part of this administration I cannot wash my hands completely, and I am embarrassed. I am also angry because I am success oriented. I went to Washington proud to be a part of this administration and I left Washington in May proud of what the administration had done the first four years.

Particularly in international affairs the administration was extremely successful. From Southeast Asia we extricated our troops and reclaimed our prisoners of war. We have renewed conversations with the Peoples' Republic of China and with the USSR. We have kept the peace in Western Europe for 28 years, the longest peace period there in over 200 years.

This is the description of a successful administration. I would enjoy having people occasionally volunteer, "Oh, you're a part of the Nixon administration which was successful." But, I haven't heard that said since I left government.

Instead, I am a part of the administration that perpetrated Watergate. That makes me angry.

But, perhaps my key emotion is that of concern, concern for three reasons. First, I am a lawyer who is concerned about trial by press rather than trial by law. Yet, what is happening in the press must happen in a free society. I also believe the judicial process under Leon Jaworski and the Justice Department must go on to determine whether illegal acts were committed, and if they were, by whom.

Concurrently, I agree that the Ervin Committee had to conduct hearings to determine what occurred and whether legislation should be enacted to avoid a recurrence in the future. Yet, while those hearings continued certain individuals appearing before the Ervin Committee were being tried by the press.

For the dilemma I have no remedy. I do hope that every American cries a bit fully knowing that people who should be presumed innocent until proven guilty by the judicial process are being tried in the press and are assumed guilty by the vast majority of Americans. That causes me immense concern.

A second cause for concern deals with people like myself leaving successful business careers to serve their government in Washington. I had gone there in 1969 somewhat reluctantly, believing I was interrupting that career for myself. But, also, I went proudly and eagerly, the good feeling of serving one's country.

I fear there are few U.S. businessmen today proudly and eagerly going to Washington to become a part of this administration. Today, more than ever, we need good people in Washington and it is difficult attracting them there. That should concern all of us.

My third concern for Watergate deals with the trust and credibility our government has to its stockholders—the American people. In a democracy, if our government is to be successful, it must be creditable to its constituents. Because of Watergate, far too many people and certainly the majority of our young people, just don't believe what government leaders tell them.

This attitude I believe is unfair. It is unfair because, with one exception, there appears to be only one professional politician involved in Watergate. The many others are amateur zealots in the profession of politics. Why, then, should most Americans blame Watergate on the politicians? Not only is such an accusation grossly unfair; it is also unfortunate in destroying government's credibility.

Having addressed Watergate, I now wish to discuss "Why an Army?" The bald heads here in this audience—like myself—and the white-haired chaps wherever I go scoff at that question. Their attitude—don't waste your time, mister, telling ME why we need an Army. I know why.

Not so with our young people who will be helping mold public opinion for the next 40–50 years. Especially on our college campuses, I would find among students and faculty far more opposition to an army than approval.

"Why an Army?" is a good question too because of the nature of an Army. An Army uses resources, it doesn't create them. In an energy conscious society, if we can exist without an army we should try to do so.

My pragmatic answer has been then the U.S. needs an army because a world power has never existed without an armed force. The reply on campuses would then be, how do you know a world power can't exist without an army until we try it.

Most college students realize their life style is, indeed, affluent, dramatized by the fact alone that they are on a college campus. Only world powers can achieve the affluence of America in 1973. Give up our world power status and you give up your affluence, I have pointed out.

Another point of fact I describe to our young people is that of the three world powers—USSR, The People's Republic of China and the USA, only in America does individual freedom reign today. Do we give up our military strength today, leaving power with two totalitarian nations, neither of which has respect for the freedoms we cherish?

One pragmatic answer to "Why an Army?" which was not accepted by the young was to point out that wars have paralleled history. If there will always be wars, then shouldn't we have an army to fight those wars? The campus people, in their idealism, will not buy the belief that wars are inevitable.

I do tell them that armies do not create wars. Often they would try and blame the U.S. Army for Vietnam. Absolutely false. Civilian political leadership led us down the Vietnam path from Day One. Also, civilian political leadership made and properly sold all the decisions as to how the war should be fought in Vietnam.

That fact alone depicts the terrible unfairness for the men and women in uniform being the target of the criticism from the unthinking throughout the Vietnam era. Our military people were only following orders as the U.S. Constitution declares they must.

An Army, why? To help achieve for this world its prized goal—world peace. We realize now, after the trauma of Vietnam, that all else we desire is risked if peace is not at hand. There is no reason for an Armed Force greater than that it gives us a chance to achieve peace.

Military strength does not cause wars. But, strength matched against weakness does. A possible exception is the Middle East today where presumably near equal strength is being exhibited on both sides. But, I assure you there would have been a Middle East war long before October, 1973, if that balance of power had not been maintained.

Strength plus weakness causes war, even in a period of detente. Political scientists agree that at anytime, Detente without Defense is Delusion. It is utter delusion for the U.S. to talk with the USSR and the People's Republic of China while we are slashing our military defenses. Only through talking from strength can detente accomplish what we hope and pray is possible.

Some ask, "Do you think then that this arms race should continue?"

No, I answer. To whatever extent we can, I feel this nation should disarm. But, I think it is naive for anyone to believe disarmament should come about unilaterally. If we disarm, and again, I hope and pray we will, we should do so bilaterally or multilaterally. It would be foolish to enter the mutual and balance force reduction talks in Vienna, or SALT talks in Helsinki with an introductory statement that regardless of the talks' outcome we will be withdrawing our forces from Europe. Or, to state at SALT talks that we are about to reduce our nuclear weapons. Such a posture can only assume curtailing disarmament on the part of the Soviets.

What is their motivation in bargaining disarmament when we're DOING unilaterally what you're Talking about doing on a bilateral and multilateral basis? I am pro-disarmament; I am anti a senseless, naive approach which assumes only one side disarms.

Then, too, the United States has 42 international commitments which the U.S. Senate has approved. Without exception, NATO, SEATO, SENTO armed forces play a valuable role in enforcing those agreements. If we are to remain a part of the international community, then our armed forces must be equal to the tasks undertaken. To talk about the North Atlantic Treaty Organization and pretend that we don't have an Army in Western Europe doesn't make sense because that Army is the cement holding NATO together.

Those are the major reasons I believe that we must have an armed force.

Now, what kind of an Army? The nuclear age in which we live tells some people that if there is to be a war, then it's going to be a nuclear war. Then all which is needed is the ability to deliver nuclear weapons.

False. First, because in my opinion there will be no nuclear war. The reason—because today the USSR and USA have parity of nuclear weapons. One side may be five percent ahead or five percent behind, but we're playing in the same ballpark.

But, that does not assure us we will not have another war. There will always be disagreements among nations. If a powerful nation has only nuclear weaponry, then the President will have only one option in an international emergency: The ultimate weapon—the nuclear warhead.

It would be a terrible mistake for this nation's people to give their President as Commander-in-Chief of the military forces only one option—that which begins a nuclear exchange.

Then, too, nuclear weapons cannot replace the need for the foot soldier. It's a fact, the Air Force is more glamorous than the Army; the Navy life is cleaner than Army life. Yet, it is equally true that there hasn't been a war fought where the foot soldier hasn't taken and held the ground. It may not be clean nor pleasant, but someone to win a war other than a nuclear holocaust must do the ground-taking and holding.

What kind of an army is it going to be? To begin with, it's going to be a volunteer army. I am often asked, do you support the volunteer army? If I hadn't, I assure you once the Selective Service law was abolished I would have handed my resignation to the President.

Of course I supported the volunteer army concept, but with very mixed emotions.

(A digression if you will permit. The volunteer army, as I will demonstrate, invites honest, reasonable men to disagree honestly. So it is with most critical issues today.)

Before campus audiences I would raise this point, usually to the same response from students. How can you possibly have mixed emotions or see two sides to such a simple issue? There is a right way and a wrong way to meet this issue, and here is the right way.

Confession. In four years at the Pentagon not one major issue ever came across my desk for decision where I could confidently sit back and say that we're going to do it this way and I am absolutely confident it's

the right decision. I'd make the decision thinking it was right, but never really being sure.

Perhaps that is a sign of maturity, realizing there are very few easy decisions. I realize we cannot expect maturity from college students; I have been disappointed on several campuses in not finding it in their teachers.

The volunteer army was one of those tough decisions where I may well have been wrong. I think it's the right decision for this time. We must acknowledge that the decision to go the volunteer route now was not a military decision. It was a political decision made by civilian political leadership.

Obviously, from a military point of view, the easiest, cheapest and best way of getting people to serve their country is through the draft. The draft permits military leadership to get the exact amount of people needed at any time. The political climate during the 1968 campaign dictated that President Nixon come out for the volunteer force.

Let's look closer at the politics of the situation. We had an unfair draft, one where your children and mine were going to college. Not necessarily because of their intense hunger for a college education, but college did provide a sure way to avoid serving one's country.

The poor, of course, were drafted and they served their country in Vietnam.

That comparison is, of course, an oversimplification, but one with too much truth in it. There just was no good way to defend the draft as equitable.

Then, add the political pressures of a vastly unpopular war and you easily understand why a political leadership concerned with re-election had to stop the draft. Note, however, the key question is not whether or not the Army will get enough people. Obviously we can get enough people if we lower the standards to do so. It won't, however, be an Army on which we can depend. The key question becomes, can we get enough of the right kind. I believe we will. This was not achieved in 1973 and that does concern me, although I am still not pessimistic.

The volunteer Army wrought a major change in the nation's thinking, especially young America. It would have been naive to expect overnight we would have made our task. We are chipping away at it, and I think, moving in the right direction.

The prime question remains: Mr. & Mrs. Taxpayer, are you willing to pay the Volunteer Army price in tax dollars? We know that attracting our sons and daughters, born and raised in this affluent world, is going to demand a high price.

For military life to appeal to them it must compete fairly with the socio-economic world they have known. The young recruit should find he or she can earn about as much in service as in a comparable job outside. The soldier must now have privacy in the barracks, a varied, enticing menu.

Some of my WW II friends are quick to remember they survived three or four years Army service without these luxuries and expect their own children to do so today. Yet, they admit that like myself, they have raised their children in the affluent manner and these kids haven't been running down to the Army enlistment center on their 18th birthday.

To them the Army has looked like a step down in life style. This attitude from your sons and daughters, and mine, is fraught with danger, the danger of this nation developing an all poor, all uneducated and possibly predominantly black army. What a tragedy for a nation defined as a democracy.

Of course the U.S. Army must be a cross section of the U.S. population. The only way to achieve this is for the U.S. people to pay in tax dollars for the kind of army which appeals to a cross section of volunteers. There is, in my opinion, no short cut.

How long a volunteer army? Certainly not forever. But, it will undoubtedly take into the late 70's before this nation will have largely forgotten an unpopular war and will accept some form of universal conscription. Then, perhaps, we will steer our young people to 18 months or two years of service to their fellowman via the military, VISTA, Peace Corps or their counterparts as a substantially reduced salary from today's military pay.

I feel this is necessary for sociological as well as military defense reasons. Where else but in the army do you find an organizational melting pot for all people? Where else are young people of all racial, social, economic and educational backgrounds thrown together and told to learn to live together, learn to understand one another, and learn to work together?

Unfortunately, in today's America this phenomenon doesn't occur in your neighborhood, your church, or your business.

Someday, these attributes of universal service may be remembered and the politicians will react to it singing the praises again of our young people serving their fellowman.

Another event will, of course, quickly end the volunteer army concept. For there is no way we could or should fight a war with a volunteer army. When a democracy goes to war, the risk of death must be shared by all its citizenry, not only a few.

Selfishness on the part of the American taxpayer may well terminate the volunteer army concept. With Vietnam only a dim memory that taxpayer may note that if we again drafted young people we could cut taxes. The opportunist politician will then see the draft as a vote-getter and support its return for the wrong reason.

What will the new Army look like? It will depend greatly on the reserve and the National Guard. In 1974, 45% of our army will be Reserve and Guard. It is difficult in many parts of this nation for the guard to appeal to our young people. There, employers are not supporting reserve training and Guard duty as they should. I don't refer to vacation time for two weeks' summer duty alone. I refer to simply acknowledging the army youngster in your plant or your office. He deserves recognition and encouragement.

The new Army must be well-equipped. The Middle East war has demonstrated that only money buys good equipment. Lots of money. Some say to me, we are already spending more and more money on defense. My answer—we are spending less and less real dollars on defense. Note these statistics: When the Nixon Administration took office in 1969, 9.6% of the gross national product went for defense. Last year it was less than 6%. When I went to Washington, 42.6% of the total budget was defense. Last year it was about 30%.

I've heard that talk of "reordering the nation's priorities". And, we have done so! We have had a radical reshaping of our priorities.

But, responsible citizens and politicians who acknowledge that we need an army, must also note that we need a well-equipped Army. Only significant research and development monies will make it so.

I will predict a personnel breakthrough for the Army. There will be a vastly increased utilization of the ladies in that Army. Just over a year ago I announced we were going to double the number of WACS serving in the Army. Big deal. from 12,500 to 25,000. I anticipate that in the 70's we will quadruple that number for one simple reason: Quality! We can get a higher quality individual from women than from men.

I should make it perfectly clear, as someone once said, that I do not believe in women serving in the front lines. I don't want my wife or daughters serving there unless they are defending the homeland.

But front line duty is less than 10% of total job opportunities in the Army. There is little reason why good Army women cannot drive trucks, work in office jobs, as medics and 1,000 other tasks. I predict that the Army of the later 70's will be comprised of 20 to 30 percent women. We will then have a better Army than the Army today.

As Secretary of the Army I saw my duty as to help end our involvement in the Vietnam War and bring our troops home.

This was accomplished.

I also saw my duty was to help Institute the volunteer army as a viable replacement for the draft.

This, too, was accomplished.

Now, I believe as a citizen and former servant of my government I have another duty: To help heal the hurt caused by the Vietnam War. Amnesty is a giant step in that direction.

I want the American people, through the U.S. Congress, to devise a plan for amnesty.

Some may accuse me of being inconsistent as I opposed amnesty during the Vietnam war.

But, then young men were obeying the law and reporting for the draft, some being drafted and fighting and dying in Vietnam.

To those disobeying that draft law and fleeing from America we could not then say "Come home, all is forgiven."

But, why now amnesty for them? Amnesty now because the draft and the killing is over.

Amnesty now because we need to begin mending in every way possible the heartbreak and wounds left by that war. Vietnam deeply hurt America. Now is the time to heal the hurt.

Amnesty now because it is America's youth who are involved and America has always shown mercy and restraint with its young people.

Earlier I pointed out why we will probably again be drafting our young people into the Army, perhaps within four or five years. Therefore, any plan for amnesty cannot work in conflict with a successful future draft law.

There are those who plead for amnesty saying that the best of our youth ran away. Let us then welcome them back with open arms, accepting them as heroes, they ask.

But, others answer if we do that, come that next war the best will run again, whether they judge it as a moral or immoral war.

I cannot accept those on one side who say "Let the long haired radicals who ran away stay where they are. They are no good anyway."

Just as I refuse to accept those who claim the very best of our young men ran away. Make no mistake about it, the very best served their country when asked to do so.

The perimeters then run from the position of mercy and total lack of vindictiveness to the hard liners opposed to any leniency.

Somewhere between those perimeters there can be a plan for forgiveness which accomplishes the following:

(1) It encourages those who left America to return.

(2) It clearly states that those who left America disobeyed the law of the land and must compensate in some manner.

(3) It cleary states that we welcome back to America, as well, those who refused to serve and chose jail instead. When we bring back our young men who ran away we must at the same time pardon those others who refused to run and chose instead a prison sentence.

(4) It clearly states that motives for those who left are unimportant. It would be convenient, indeed, if one could devise a plan whereby those who ran away for selfish reasons were not welcomed back; those who ran for high principles could return with honor.

But obviously, no such judgment is possible.

Therefore, I suggest for your consideration the following proposal. Welcome your critique. I ask that if you concur that amnesty with such a plan is possible today that here in Southern California you tell your con-

gressman or either Senator Cranston or Senator Tunney of your opinions.

My proposal is that—

As citizens we all begin talking about amnesty and ways to achieve that forgiveness.

Any plan conceived must clearly state that those who fled instead of serving their country made a mistake.

The plan must not be vindictive, but those who ran away must now serve some time in some form of national service.

Those who serve this duty must serve long enough to perform some useful service. The time involved could vary depending upon the type of service chosen. Personally, I would settle for three months if any worthwhile duties could be found where useful service could be performed in this short of a time period.

Those who refused this compensatory service are not welcome to return to their country. For, if they do not wish to serve for so short and safe a term, I reluctantly conclude that their desire to return to family and country is not strong enough.

There are perhaps over 4500 young Americans who fled the draft and war and are living in foreign lands. Most now want to come home.

Yes, we can get along without them.

But, we really don't want to. Do we?

And we do want to heal the hurt. Don't we?

THE LYMAN IRRIGATION PROJECT, WYOMING

Mr. McGEE. Mr. President, Wyomingites are becoming increasingly concerned over delays in completion of the Lyman irrigation project in our State. This concern was recently expressed in the form of a resolution recently approved by the Wyoming legislature, requesting the U.S. Government to immediately complete its contractual obligation for the Lyman project which is now running 5 years behind schedule.

Presently, the Lyman project is 70 percent completed. The unfulfilled portion of the project, as noted by the joint resolution of the Wyoming legislature, involves the construction of a second dam. The project has the full and unqualified support of the Wyoming legislature, the Governor and members of the Wyoming congressional delegation. To further delay completion of this project is not in the best interests of our State and would continue to impose a hardship on our citizens.

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

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

FORTY-SECOND LEGISLATURE OF THE STATE OF WYOMING 1974 SESSION

A Joint Resolution requesting the United States Government to immediately complete its contractual obligation for the Lyman Project, now five years behind schedule.

Whereas, the Bridger Valley Water Conservancy District, a legal entity under the laws of the State of Wyoming, was organized specifically for the purpose of contracting with the United States Government for construction of the Lyman Project, an original participating project and Wyoming's entitlement under the Colorado River Storage Project Act of April 11, 1956 (70 Stat. 105); and

Whereas, said contract was executed in good faith on April 8, 1964; and

Whereas, the United States Government acting through the Bureau of Reclamation has completed approximately seventy percent (70%) of its obligation with the construction of the Meeks Cabin Dam and Reservoir on the Blacks Fork; and

Whereas, said contract called for completion of the total project in 1969, but construction of the second dam on the Smiths Fork has not commenced five years after it was to have been completed; and

Whereas, a tax disparity exists because the Smiths Fork subscribers are unable to benefit from stored water as are their neighbors on the Blacks Fork, making it impossible for the conservancy district to fulfill its obligation to the people of this State and the purpose for which it was organized; and

Whereas, now more than ever, water storage is vital if shortages in food commodities are to be overcome;

Now, therefore, be it resolved that the Legislature of the State of Wyoming, both Houses concurring therein, respectfully insist that the United States Government complete its obligation under said contract and requests immediate construction of the second dam on Smiths Fork, the unfulfilled thirty percent (30%) of said contract.

Be it further resolved that certified copies thereof be promptly transmitted to United States Senator Gale W. McGee, United States Senator Clifford P. Hansen, Congresman Teno Roncalio and Secretary of the Interior Rogers C. B. Morton.

CREDIT REFORM

Mr. BIDEN. Mr. President, as the principal sponsor of the Fair Credit Reporting Act, Senator PROXMIRE, of Wisconsin, has long advocated credit reform in order to promote sound business practices and to protect consumers from false information that may greatly damage their credit and employment ratings.

In this session of Congress, Senator PROXMIRE has introduced additional legislation to strengthen the legislation where experience has suggested it is now needed. As chairman of the Subcommittee on Consumer Credit of the Senate Banking Committee, Senator PROXMIRE has already held extensive hearings to examine industry practices.

A recent article in the Los Angeles Times written by Senator PROXMIRE details the need for his legislation. An example, he points out, taken from the files of the FTC is that of—

A man in Tennessee [who] learns by mail that his 4-year-old son has a bad credit rating. Upon complaining, the man learns—again by mail—that he can straighten out the file of the credit reporting company by going to one of its offices. But he would have to go to New Jersey, Illinois or California to do that. Or, if he made arrangements by mail beforehand, the credit company would be glad to telephone him—collect.

In order to correct such false information, Senator PROXMIRE has proposed four further reforms to the present legislation:

First. A consumer should be entitled actually to see and inspect his credit file and obtain a copy at nominal charge, either in person or through the mail;

Second. Anyone wanting an investigative report on a person's private life through interviews with friends, neighbors, and acquaintances should be required to have the subject's permission. The investigator should also be required to give a clear and complete explanation of the scope of the proposed inquiry;

Third. Consumers should be given access to medical information in files about them;

Fourth. Consumers should be entitled to know the source of information in investigative reports—that is, they should be given the rights to face their accusers.

The time for reform is now. As Senator PROXMIRE points out, the Federal Trade Commission, charged with enforcing the Fair Credit Reporting Act since it became effective in 1971, has received more than 2,000 complaints about it. Members of Congress have received countless more. I urge that Senator PROXMIRE's bill, together with other reform legislation including my own, will receive prompt enactment by Congress.

Mr. President, I ask unanimous consent that Senator PROXMIRE's article be printed in the RECORD.

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

SENATOR PROXMIRE SUGGESTS FOUR REFORMS—FAIR CREDIT REPORTING ACT: IT'S NOT FAIR—YET

(By William Proxmire)

A man in Tennessee learns by mail that his 4-year-old son has a bad credit rating. Upon complaining, the man learns—again by mail—that he can straighten out the file of the credit reporting company by going to one of its offices. But he would have to go to New Jersey, Illinois or California to do that. Or, if he made arrangements by mail beforehand, the credit company would be glad to telephone him—collect.

That incident—a real complaint made to Washington—summarizes some of the major deficiencies in the Fair Credit Reporting Act. Since April 25, 1971, when the act became effective, the Federal Trade Commission—which is charged with enforcing the law—has received more than 2,000 complaints about it. Members of Congress, myself included, have received countless more.

The Fair Credit Reporting Act is a good beginning, but it is by no means perfect. Its purpose is to protect consumers from inaccurate or out-of-date information in reports, which are used in granting credit, selling insurance and filling jobs. The act has been successful in uncovering—and bringing to an end—many abuses in the consumer credit reporting business. But other problems—particularly in regard to investigative reports and consumer access to all reports—have not been so squarely met.

Some distinctions might be in order here. Simple credit reports, which provide basic information about employment, salary and bill-paying history, are relatively trouble-free. But investigative reports—the ones based on interviews with friends and neighbors about a consumer's personal habits and behavior—are more prone to error.

The errors in these reports crop up for a number of reasons—lack of investigative time, the way questions are slanted and, incredibly, a requirement by at least one company that investigators provide derogatory information.

The five largest investigative reporting firms have dossiers on more than 54 million Americans. These companies wrote nearly 20 million reports in 1972, mostly for insurance companies but also for employment and credit purposes.

The largest agency, Retail Credit Co. of Atlanta, has—or at least had at last report—a quota system: Each investigator is required to produce 16 credit reports each work day—and, according to company practice, at least 10% must be derogatory.

What kind of information is sought? Drinking habits: how much, how often, what kind? Living habits: what kind of

neighborhood, what kind of house or apartment, how clean? Sex habits: married, divorced, living with a woman (man), or another woman, another man?

The answers beg hearsay.

In fact, a lot of hearsay. In March, 1972, Retail Credit issued instructions on how detailed investigators' information should be. "We haven't done the job unless we've found out and reported":

"Current marital status—

"If divorced, when, why, whose fault?

"If separated, how long, cause, divorce planned?

"Past and present moral reputation—

"If promiscuous, extent, class of partners?

"If particular affinity, how long, criticized, partner beneficiary?

"If living with partner, how long, children, stable home, criticized, is there living undivorced spouse?

"Possible homosexuality—

"How determined, living together, demonstrates affection for partner in public, dress and/or manner, criticized, associated with opposite sex?"

Assuming that all that detail is necessary, how can it be obtained in 30 minutes (16 reports in an eight-hour day) and still be accurate and fair? How objective can the investigators be when they have to produce nearly two adverse reports each day? How good can this investigating system be when it confuses a 4-year-old boy for his father?

But there are deeper, even more unsettling problems in the Fair Credit Reporting Act: There is no provision which would allow a subject to examine reports about himself. How can a consumer know that a report about him is inaccurate? How can he take steps to refute it, if he does not know what it contains?

If a person's application for credit, insurance or a job is rejected, the Fair Credit Reporting Act requires that he be told whether a reporting agency was involved and, if so, the agency's address. He may go to the agency's office, but he is not entitled by law to see, copy or even handle his file. Even though it might contain much personal information, he might never learn its details. He is only entitled to an oral summary of its nature and substance. If he lives at a distance from the office, he is required to ask in writing for a collect phone call, which could be costly.

What is wrong with just an oral disclosure?

Lewis A. Engman, chairman of the Federal Trade Commission, told the consumer credit subcommittee last October about an FTC survey on reporting agency disclosure practices.

"We found," Engman said, "that there is often wholesale withholding of information concerning character, reputation or morals. Since the consumer does not have the right to examine his own file or receive a copy of the information, he is unable to question the completeness of the disclosure."

In his testimony, Engman also questioned the vagueness of the required notification given consumers who are about to be investigated by a reporting agency.

The FTC is not the only critic of the present FCRA. Others are officials of the Federal Deposit Insurance Corp., a study group of the Department of Health, Education and Welfare, legal scholars, several consumer groups, the AFL–CIO and the American Civil Liberties Union.

I believe four major reforms of the Fair Credit Reporting Act are in order:

—A consumer should be entitled actually to see and inspect his credit file and obtain a copy at nominal charge, either in person or through the mail.

—Anyone wanting an investigative report on a person's private life through interviews with friends, neighbors and acquaintances should be required to have the subject's permission. The investigator should also be required to give a clear and complete explanation of the scope of the proposed inquiry.

—Consumers should be given access to medical information in files about them, including those held by the Medical Information Bureau, a largely secret group run by life insurance companies. This organization has medical information on more than 12 million persons, plus data on their habits, morals and finances; but not all of this is necessarily true. A loophole exempts the bureau from some key provisions of the Fair Credit Reporting Act.

—Consumers should be entitled to know the source of information in investigative reports—that is, they should be given the right to face their accusers.

For months I have been pushing for reform of the act along these lines. In late November, the consumer credit subcommittee tabled a bill containing my proposals—chiefly as a result of intense lobbying by the credit reporting industry.

I hope to revive interest in reform in this session of Congress. It took eight years to get a decent Truth in Lending Act. I trust it won't take as long to get a workable Fair Credit Reporting Act that guarantees the consumer's right to fair play.

A NATIONAL ATTACK ON ARTHRITIS

Mr. TOWER. Mr. President. I have long felt it inadvisable, in most instances, for the Congress of the United States to authorize special programs to concentrate large sums of Federal funds into research to combat individual diseases and health problems on a piecemeal basis. Instead, I have supported increased funding for the National Institutes of Health to be concentrated at the discretion of the Director, where they can be used most effectively at a particular time. Nevertheless, it is important to make exceptions now and then when is appears that a concentration of funds in one area can contribute to prevention and treatment of serious health problems which affect a very large number of individuals. Such an exception was made when the Congress launched its drive to find a cure for cancer, and again in its campaign against heart disease.

Today, I feel it is important that we consider yet another exception—a national attack on arthritis. As many of my colleagues know—arthritis and related musculoskeletal diseases represent one of the most serious and widespread health problems in the world. They afflict over 50 million Americans at a cost to the Federal Government and the national economy in excess of $9 billion per year in social security and supplemental security income, disability, benefit payments, medicare and medicaid, as well as lost wages and workdays. More importantly, however, we must consider the fact that almost a quarter of our Nation's population suffers the pain of these crippling diseases.

These reasons, I feel, more than justify an all out attack directed by the Federal Government to advance research efforts in this area.

In recognition of the exceptional circumstances, the distinguished Senator for California, Mr. CRANSTON, has introduced S. 2854, which would amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to advance a national attack on arthritis. This measure proposes a four point approach: First, establishment of a task force to develop a national arthritis plan; second, designation of the position of associate director for arthritis within the National Institute of Arthritis, Metabolism, and Digestive Diseases who would be given the responsibility of administering programs with regard to arthritis within the Institute and in conjunction with the task force; third, implementation of an arthritis screening, early detection, and control program; and fourth, establishment of national research and demonstration of advanced diagnostic prevention, treatment and controls methods.

Mr. President, I commend the Senator from California for this significant initiative and am delighted to join him in cosponsoring this important measure. I urge the members of the Committee on Labor and Public Welfare to give it expeditious and favorable consideration.

INTERNATIONAL DEVELOPMENT ASSOCIATION

Mr. McGEE. Mr. President, who says Americans do not care? When the House of Representatives voted last month to deny funds to the International Development Association, many excuses were offered for this shortsighted action.

We have heard, in both the Senate and the House, that the American people are tiring of our international development efforts. However, I do not believe these statements are an accurate reflection of American public opinion. In fact, I believe the American people may be much more farsighted than the House vote purports to represent.

Since that vote, I have received numerous letters and statements from individuals and organizations around this Nation condemning this action. Today, I will put a sampling of these statements in the RECORD.

Resolutions of support for the funding of IDA come from such organizations as the National Rural Electric Cooperative Association, the Conference of Bishops, the YWCA, the United Auto Workers, and the League of Women Voters of the United States.

These resolutions and statements represent a vast cross section of opinion in this country. In my mind, it is clear that it is time for the Congress to catch up with public opinion. I believe the American people have been underestimated in their commitment to such programs as IDA. With this in mind, I would hope my colleagues in the Senate give serious consideration to the expressions of support for IDA and the intelligent and sensitive reasons behind this support on the part of so many organizations.

I ask unanimous consent that the above-mentioned statements and resolutions be printed in the RECORD.

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

RESOLUTION No. E-2

From: Management Advisory Committee.
Approved by: Resolutions Committee.
Subject: World Bank Programs.

The House of Representatives recently defeated legislation that would provide for development loans to the poorest nations of the world through the World Bank's International Development Association.

The contribution to this fund represented a reduction in the share borne by the United States.

The International Development Association has provided loans and technical assistance to numerous developing nations used primarily to improve food production capabilities and to assist them in providing basic housing for the rural poor.

The nation's rural electrics continue their support of the sound programs of the World Bank and urge the Congress to favorably reconsider its support of this important International Development Association legislation.

STATEMENT BY BISHOP JAMES S. RAUSCH, CONFERENCE OF BISHOPS, FEBRUARY 1974

The House of Representatives voted overwhelmingly to end U.S. financial assistance to the world's poorest nations. It did so by refusing to provide development funds to the International Development Association (IDA), an agency of the World Bank set up specifically to assist the 21 poorest nations by providing long-term, low-interest loans.

This House action reflects the profound malaise which presently dominates the American scene, and it once again exhibits the terrible vulnerability of the poor to the actions of the powerful.

If we have learned anything from the energy crisis, it is that we live in an interdependent world. Our lives have been directly influenced, and even changed, by the decisions of others. What we must understand, however, is that this process goes on all the time for the poor of the world. Their lives are constantly shaped by the decisions of the powerful of the world.

The action taken by the House will have an impact far more drastic and damaging on the poorest people on earth than anything we Americans have experienced during the energy crisis. That impact must be understood in its political and human dimensions.

Politically, the U.S. refusal to contribute its pledged share of funds to IDA creates a chain reaction. The other developed nations in the IDA consortium are released from their obligations if one partner defaults. The entire program, therefore, was literally devastated in the House.

Humanly, the impact of the vote is appalling. The IDA funds provide medium and long-range developmental assistance to people in the situation Robert McNamara, President of the World Bank, describes as absolute poverty. The per capita income in many of these countries is less than $100 per year. In many, also, starvation is a distinct possibility for large numbers of their people in the coming year.

In addition to the potentially devastating effect the House vote may have on the lives of the world's most desperate people, the vote also underestimates the American people. Representatives opposing IDA stated that, although it may be true that these nations have genuine needs, that argument will no longer wash with their constituents while numerous necessary projects for Americans' needs go begging for funds. American voters are faced with rising food costs and interest rates, critical shortages and unemployment, and Congressmen do not believe that, at this time, it is in the best interests of the nation or their own political careers to vote in favor of increasing foreign aid.

If the conditions of impoverishment in which millions of people subsist were presented to the American public, it is our contention that the voters would respond favorably. For example, Americans consistently respond generously to appeals made by Catholic Relief Services and Church World Service to alleviate human misery.

It is the task of the nation's political leadership to make such a case to their constituency. To do less is to play politics with these peoples' very lives. It is to pit the subsistence needs of the poor of the world against the needs of lower and middle class Americans in a conflict which neither really wins. Further, it signifies that there is no attempt to confront the real causes of poverty either here or abroad.

If the House action accurately reflects the national sense of priorities, it provides us with a severe indictment of the political leadership of the Congress and the moral leadership of both the Congress and the churches on an issue of immense importance today.

We therefore urge the Congress to reconsider the matter and vote in favor of replenishing the funds for IDA. We, for our part, will communicate our deep concern about this issue and urge American Catholics to support the replenishment of the International Development Association.

YWCA VIEWS ON INTERNATIONAL DEVELOPMENT ASSOCIATION FUNDING

The National Board of the YWCA of the U.S.A. is deeply disturbed over the implications for the United States role in world affairs of the House of Representatives' rejection January 24th of U.S. participation in the International Development Association. While the American people continue to give to development projects in poor countries at unprecendented levels through private channels, their elected representatives deny the public support for development which can make private programs effective. We hope the Senate will speedily act to clear the way for House reconsideration in time to meet the full U.S. share of $500 million a year for the next three years by the June 30th deadline.

The World Bank's soft loan program through IDA, of all development assistance efforts, should be the most politically acceptable. The U.S. has worked for six years to enlist other industrial nations' cooperation in this form of lending for self-help initiatives by the poorest nations. Other members have now taken over two-thirds of the funding, at the request of the U.S., which negotiated its reduced share last fall at IDA's Nairobi meeting. We agree with the unprecedented statement of World Bank President, Robert McNamara, that the withdrawal of the U.S. and consequent termination of IDA would be an "unmitigated disaster." Frustration over the rising price of oil and allied problems may well have distorted House of Representatives perception on this issue. We urge that it be reconsidered in the context of whether the United States intends to attempt the impossible: to withdraw from a world so interdependent that poverty and oppression anywhere affect people everywhere.

The YWCA's work with girls and women in developing countries and in the underdeveloped sector of the United States makes us acutely aware of the importance of outside help for development efforts. If humanity is to enjoy a measure of peace and progress we believe it is of the utmost importance that the American people understand the purpose and the necessity of true development assistance, particularly through multilateral channels, whether it be loans, grants or trade concessions. The Congress, the Administration and voluntary organizations should undertake to dispel the myth that these programs are "give-aways." Rather they provide the extra small percentage of incentive which spurs development efforts. In a larger sense they are programs for human survival.

January 30, 1974.

UAW URGES RESTORATION OF FUNDS FOR INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

The IEB of the UAW deplores the precipitous and short-sighted refusal of the U.S. House of Representatives to replenish the U.S. portion of funds for the International Development Association (IDA), and urges the Senate to restore the funds.

The Association, usually called the "soft loan" window of the World Bank, is not some mythical "giveaway" program, but is a real multilateral development aid program funded on sound criteria and repaid with interest. As such, then, IDA is a necessary and significant link between developed and developing countries. In a world as interdependent as ours has become, where no economy is invulnerable or isolated, no nation can turn its back on any others—and survive long.

It should be noted that the U.S. share of IDA's replenishment has actually *declined* in recent years—from one-half to one-third—while that of other developed countries such as Japan has proportionately risen. The House action thus seriously hinders delicate and critical international understanding.

The 248 to 155 House of Representatives vote against IDA was apparently an expression of anger at a handful of oil-producing Arab countries. But legislators erred, for these countries do not benefit from IDA programs. More typical beneficiaries are the sub-Saharan African countries and India, Pakistan and Bangladesh. The latter receive more than half of their development loans through IDA.

We find it necessary to remind legislators that while the energy crisis has a grave impact on the industrial economies it has disastrous effects on the poorest economies of the developing world.

It is folly to think that the poorest nations of the world can be pushed to one side without affecting the industrial world. We trust the Senate will restore the replenishment appropriations.

THE LEAGUE OF WOMEN VOTERS
OF THE UNITED STATES,
Washington, D.C., February 15, 1974.

Hon. GALE W. MCGEE,
Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR SENATOR MCGEE: The League of Women Voters of the United States objects in the strongest terms to the House action of January 23 denying funds for the International Development Association (IDA). The decision of 248 Members of Congress to vote against the authorization for the U.S. contribution to the Fourth IDA replenishment showed a tragic reversal of traditional American commitment to international development, as well as a lack of economic and political farsightedness.

Although the opponents of the IDA authorization gave different reasons for their vote, we found a common line of thought running through their explanations. In effect, what they were really saying with their vote was that the United States is rattled by the energy crisis to the point where we have to hoard our resources, forsake our commitments and build a wall around ourselves. This stance is as spurious in our aid policy as it is in our trade policy.

While we do not doubt the good intentions of these legislators, we question the assumptions on which they based their vote. Those who think that domestic programs will be the automatic beneficiaries of the funds withheld from IDA are as mistaken as those who think they can punish the oil-producing Arab states by lashing out against the poor nations of the world.

If Congress cannot see interdependence in human terms, why not look at it in economic and political terms? The energy

crisis has blurred the distinction between "have" and "have not" countries. The U.S. with the world's highest GNP, is dependent for many of its raw materials on the developing countries. We have a stake in their development and we cannot afford to talk about interdependence only when we are concerned about "getting" (access to supplies) and forget about interdependence when it comes to "giving" (aid).

The U.S. contribution to IDA (reduced from 40% to 33%) is not a dole. IDA funds are an investment which the industrialized nations are making in a future world order. Without the U.S. contribution, the agreement under which other countries are to give $2 for every $1 we give cannot become effective. We urge the Senate Foreign Relations Committee to help rectify a great mistake by restoring the funds for IDA.

Sincerely,

LUCY WILSON BENSON,
President.

BUDGET ITEMS RELATED TO AGING

Mr. BEALL. Mr. President, on February 5, President Nixon submitted a $304.4 billion budget for fiscal year 1975. This budget contained a number of items that are of direct importance to older Americans. Mr. President, I ask unanimous consent that the salient points of the President's budget relating to older Americans be printed in the RECORD at this point in my remarks.

Older Americans Act: $203.6 million total: $96 million for title III—social service programs, $7 million for title IV—research, and $99.6 million for title VII—nutrition programs.

Older Americans volunteer programs—action agency: $28 million for foster grandparents; $15.98 for RSVP, and $400,000 for SCORE and ACE, an increase of $4 million over last year.

Supplemental security income program: Estimated at $1.6 billion at end of 1974 and $3.9 billion for 1975. Estimated number of participants: 4.8 million by end of 1974 and 5.6 million in 1975.

Medicare: Estimated at $13.4 billion for fiscal 1975, almost $2 billion above the projected 1974 level.

Social services for adults: $499 million for aged, blind, and disabled, or about 25 percent of the proposed $2 billion estimate for all age groups.

Age discrimination in employment: $1,755,000 for enforcement activities.

Food stamps: $4 billion for fiscal 1975, nearly $1 billion above the fiscal 1974 appropriation.

Aging research and training: $13,855,000 for aging activities at the National Institute of Child Health and Human Development—Gerontological Research Center.

Mr. President, this last item, $13.8 million for research and aging, constitutes a significant reduction in appropriations for aging research at NIH. The fiscal year 1974 budget contained $15,985,000 for NICHD's aging research. As one who has consistently supported and cosponsored legislation designed to create a National Institute on Aging, I believe that it is extremely important for us to increase, not decrease, the Federal research effort in the field of aging. I am therefore deeply disappointed by the decision to reduce the funding for aging research. This budget cut demonstrates once again the need to increase the visibility and effectiveness of aging research at NIH. Thus, I believe that it is incumbent upon the 93d Congress to complete work on legislation designed to establish a National Institute on Aging so that the Director of this Institute will have the institutional position to fight his or her own budget battles within NIH, HEW, and OMB. In addition, Mr. President, I have written to the Honorable WARREN G. MAGNUSON, chairman of the Appropriation Committee's Subcommittee on Labor, Health, Education, and Welfare and the Honorable NORRIS COTTON, ranking minority member, urging them to at least restore the $2.1 million reduction which is manifest in the fiscal year 1975 budget.

Mr. President, I ask unanimous consent that the text of my letter to Senator MAGNUSON and Senator COTTON be printed in the RECORD at the conclusion of my remarks.

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

U.S. SENATE,
Washington, D.C., February 26, 1974.

Hon. WARREN G. MAGNUSON,
Chairman, Subcommittee on Labor, Health, Education, and Welfare, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: In reviewing the Fiscal Year 1975 budget which was submitted by the President on February 5, 1974, I am deeply concerned to note that there has been a reduction in the funds committed to Aging Research at the National Institutes of Health.

Specifically, the budget requests $13,855,000 for Aging Research at the National Institute of Child Health and Human Development. This is a drop of approximately 2.1 million over the FY 1974 figure ($15,985,000). I am concerned that the priorities of the National Institute of Health are being distorted. I am in no way opposed to an accelerated research program to overcome the dread diseases of cancer, strokes, heart attacks, etc. However, I am opposed to fighting these diseases at the expense of the other institutes at NIH.

There are currently 20,000,000 senior citizens in this nation. The low birth rate, coupled with greater life expectancy will gradually increase the percentage of older Americans as we move further into the 20th century. I therefore strongly believe that we should move ahead with research in the field of aging so as to improve the quality of life for our nation's senior citizens. I have supported efforts to create a National Institute on Aging because I believe that the proponents of Aging Research need greater visibility and greater institutional strength within the budget making process at NIH, HEW, and OMB, which they clearly do not currently possess. In the interim I would hope that the Subcommittee on Labor; Health, Education, and Welfare would give serious consideration to *at least* restoring the 2.1 million cut which occured in the FY 1975 budget request. As the Ranking Minority Member of the Labor and Public Welfare Committee's Subcommittee on Aging I would be more than willing to testify before your subcommittee, at the appropriate time, with regard to this matter.

Thanking you once again for your cooperation and with best wishes, I am

Sincerely yours,

J. GLENN BEALL, Jr.

ELDERLY OVERPAYMENT OF TAXES

Mr. ABOUREZK. Mr. President, low income in retirement is the most serious problem facing the elderly in this country today. In all too many cases, this problem is compounded by the devastating impact of taxation.

Recent hearings conducted by the Special Senate Committee on Aging revealed that an alarming number of older Americans pay more taxes than the law requires each year. Unable to afford tax counsel, they often overlook the deductions, exemptions, and credits that are available to them.

This disclosure is particularly disturbing when viewed in the overall context of our tax system. It has been ably demonstrated that low- and moderate-income Americans pay sizable portions of their income in taxes, while the rich and powerful often pay little or no taxes at all. It is an indisputable and unfortunate fact that our present tax system works to the advantage of the privileged few and that individuals with more modest means end up bearing a disproportionate share of the tax burden.

There has been much discussion that the Congress will enact tax reform legislation this year. I am hopeful that this will be the case, for I am convinced that the time has come to restore tax equity for all Americans.

In the meantime, however, many older Americans, confused by the complexities of tax forms and unaware of many of the tax relief provisions available to them, will overpay their taxes this year. The Senate Special Committee on Aging, recognizing this fact, has compiled a checklist of itemized deductions and a description of provisions of the tax code applicable to older Americans which is designed to protect the elderly from overpayment of taxes.

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

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

CHECKLIST OF ITEMIZED DEDUCTIONS FOR SCHEDULE A (FORM 1040)

MEDICAL AND DENTAL EXPENSES

Medical and dental expenses are deductible to the extent that they exceed 3% of a taxpayer's adjusted gross income (line 15, Form 1040).

INSURANCE PREMIUMS

One-half of medical, hospital or health insurance premiums are deductible (up to $150) without regard to the 3% limitation for other medical expenses. The remainder of these premiums can be deducted, but is subject to the 3% rule.

DRUGS AND MEDICINES

Included in medical expenses (subject to 3% rule) but only to extent exceeding 1% of adjusted gross income (line 15, Form 1040).

OTHER MEDICAL EXPENSES

Other allowable medical and dental expense (subject to 3% limitation):

Abdominal supports.
Ambulance hire.
Anesthetist.
Arch supports.
Artificial limbs and teeth.
Back supports.
Braces.

Capital expenditures for medical purposes (e.g., elevator for persons with a heart ailment)—deductible to the extent that the cost of the capital expenditure exceeds the increase in value to your home because of the capital expenditure. Taxpayer should have an independent appraisal made to reflect clearly the increase in value.

Cardiographs.
Chiropodist.
Chiropractor.
Christian science practitioner, authorized.
Convalescent home (for medical treatment only).
Crutches.
Dental services (e.g., cleaning teeth, X-rays, filling teeth).
Dentures.
Dermatologist.
Eyeglasses.
Gynecologist.
Hearing aids and batteries.
Hospital expenses.
Insulin treatment.
Invalid chair.
Lab tests.
Lip reading lessons (designed to overcome a handicap).
Neurologist.
Nursing services (for medical care).
Ophthalmologist.
Optician.
Optometrist.
Oral surgery.
Osteopath, licensed.
Pediatrician.
Physical examinations.
Physician.
Physiotherapist.
Podiatrist.
Psychiatrist.
Psychoanalyst.
Psychologist.
Psychotherapy.
Radium Therapy.
Sacroiliac belt.
Seeing-eye dog and maintenance.
Splints.
Supplementary Medical Insurance (Part B) under Medicare.
Surgeon.
Transportation expenses for medical purposes (6c per mile plus parking and tolls or actual fares for taxi, buses, etc.).
Vaccines.
Vitamins prescribed by a doctor (but not taken as a food supplement or to preserve general health).
Wheelchairs.
Whirlpool baths for medical purposes.
X-rays.

TAXES

Real estate.
State and local gasoline.
General sales.
State and local income.
Personal property.

If sales tax tables are used in arriving at your deduction, you may add to the amount shown in the tax tables only the sales tax paid on the purchase of 5 classes of items: automobiles, airplanes, boats, mobile homes and materials used to build a new home when you are your own contractor.

When using the sales tax tables, add to your adjusted gross income any nontaxable income (e.g., Social Security or Railroad Retirement Annuities).

CONTRIBUTIONS

In general, contributions may be deducted up to 50 percent of your adjusted gross income (line 15, Form 1040). However, contributions to certain private nonprofit foundations, veterans organizations, or fraternal societies are limited to 20 percent of adjusted gross income.

Cash contributions to qualified organizations for (1) religious, charitable, scientific, literary or educational purposes, (2) prevention of cruelty to children or animals, or (3) Federal, state or local governmental units (tuition for children attending parochial schools is not deductible). Fair market value of property (e.g. clothing, books, equipment, furniture) for charitable purposes. (For gifts of appreciated property, special rules apply. Contact local IRS office.)

Travel expenses (actual or 6c per mile plus parking and tolls) for charitable purposes (may not deduct insurance or depreciation in either case).

Cost and upkeep of uniforms used in charitable activities (e.g., scoutmaster).

Purchase of goods or tickets from charitable organizations (excess of amount paid over the fair market value of the goods or services).

Out-of-pocket expenses (e.g. postage, stationary, phone calls) while rendering services for charitable organizations.

Care of unrelated student in taxpayer's home under a written agreement with a qualifying organization (deduction is limited to $50 per month).

INTEREST

Home mortgage.
Auto loan.
Installment purchases (television, washer dryer, etc.)
Bank credit card—can deduct the finance charge as interest if no part is for service charges or loan fees, credit investigation reports. If classified as service charge, may still deduct 6 percent of the average monthly balance (average monthly balance equals the total of the unpaid balance for all 12 months, divided by 12) limited to the portion of the total fee or service charge allocable to the year.

Points—deductible as interest by buyer where financing agreement provides that they are to be paid for use of lender's money. Not deductible if points represent charges for services rendered by the lending institution (e.g. VA loan points are service charges and are not deductible as interest). Not deductible if paid by seller (are treated as selling expenses and represent a reduction of amount realized).

Penalty for prepayment of a mortgage—deductible as interest.

Revolving charge accounts—may deduct the "finance charge" if the charges are based on your unpaid balance and computed monthly.

CASUALTY OR THEFT LOSSES

Casualty (e.g. tornado, flood, storm, fire, or auto accident provided not caused by a willful act or willful negligence) or theft losses to nonbusinesses property—the amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) your adjusted basis in the property. This amount must be further reduced by any insurance or other recovery, and, in the case of property held for personal use, by the $100 limitation. You may use Form 4684 for computing your personal casualty loss.

CHILD AND DISABLED DEPENDENT CARE EXPENSES

The deduction for child dependent care expenses for employment related purposes has been expanded substantially. Now a taxpayer who maintains a household may claim a deduction for employment-related expenses incurred in obtaining care for a (1) dependent who is under 15, (2) physically or mentally disabled dependent, or (3) disabled spouse. The maximum allowable deduction is $400 a month ($4,800 a year). As a general rule, employment-related expenses are deductible only if incurred for services for a qualifying individual in the taxpayer's household. However, an exception exists for child care expenses (as distinguished from a disabled dependent or a disabled spouse). In this case, expenses outside the household (e.g., day care expenditures) are deductible, but the maximum deduction is $200 per month for one child, $300 per month for 2 children, and $400 per month for 3 or more children.

When a taxpayer's adjusted gross income (line 15, Form 1040) exceeds $18,000, his deduction is reduced by $1 for each $2 of income above this amount. For further information about child and dependent care deductions, see Publication 503, Child Care and Disabled Dependent Care, available free at Internal Revenue offices.

MISCELLANEOUS

Alimony and separate maintenance (periodic payments).
Appraisal fees for casualty loss or to determine the fair market value of charitable contributions.
Campaign contributions (up to $100 for joint returns and $50 for single persons).
Union dues.
Cost of preparation of income tax return.
Cost of tools for employee (depreciated over the useful life of the tools).
Dues for Chamber of Commerce (if as a business expense).
Rental cost of a safe-deposit box for income producing property.
Fees paid to investment counselors.
Subscriptions to business publications.
Telephone and postage in connection with investments.
Uniforms required for employment and not generally wearable off the job.
Maintenance of uniforms required for employment.
Special safety apparel (e.g., steel toe safety shoes or helmets worn by construction workers; special masks worn by welders).
Business entertainment expenses.
Business gift expenses not exceeding $25 per recipient.
Employment agency fees for securing employment.
Cost of a periodic physical examination if required by employer.
Cost of installation and maintenance of a telephone required by the taxpayer's employment (deduction based on business use).
Cost of bond if required for employment.
Expenses of an office in your home if employment requires it.
Payments made by a teacher to a substitute.
Educational expenses required by your employer to maintain your position or for maintaining or sharpening your skills for your employment.

Political Campaign Contributions: Taxpayers may now claim either a deduction (line 33, Schedule A, Form 1040) or a credit (line 52, Form 1040), for campaign contributions to an individual who is a candidate for nomination or election to any Federal, State or local office in any primary, general or special election. The deduction or credit is also applicable for any (1) committee supporting a candidate for Federal, State, or local elective public office, (2) national committee of a national political party, (3) state committee of a national political party, or (4) local committee of a national political party. The maximum deduction is $50 ($100 for couples filing jointly). The amount of the tax credit is one-half of the political contribution, with a $12.50 ceiling ($25 for couples filing jointly).

Presidential Election Campaign Fund: Additionally, taxpayers may voluntarily earmark $1 of their taxes ($2 on joint returns), to help defray the costs of the 1976 presidential election campaign. If you failed to earmark $1 of your 1972 taxes ($2 on joint returns) to help defray the cost of the 1976 presidential election campaign, you may do so in the space provided above the signature line on your 1973 tax return.

For any questions concerning any of these items, contact your local IRS office. You may

also obtain helpful publications and additional forms by contacting your local IRS office.

OTHER TAX RELIEF MEASURES FOR OLDER AMERICANS

	Required to file a tax return if gross income is at least
Filing status:	
Single (under age 65)	$2,050
Single (age 65 or older)	2,800
Married couple (both spouses under 65) filing jointly	2,800
Married couple (1 spouse 65 or older) filing jointly	3,550
Married couple (both spouses 65 or older) filing jointly	4,300
Married filing separately	750

Additional Personal Exemption for Age: In addition to the regular $750 exemption allowed a taxpayer, a husband and wife who are 65 or older on the last day of the taxable year are each entitled to an additional exemption of $750 because of age. You are considered 65 on the day before your 65th birthday. Thus, if your 65th birthday is on January 1, 1974, you will be entitled to the additional $750 personal exemption because of age for your 1973 Federal income tax return.

Multiple Support Agreement: In general, a person may be claimed as a dependent of another taxpayer, provided five tests are met: (1) Support, (2) Gross Income, (3) Member of Household or Relationship, (4) Citizenship, and (5) Separate Return. But in some cases, two or more individuals provide support for an individual, and no one has contributed more than half the person's support.

However, it still may be possible for one of the individuals to be entitled to a $750 dependency deduction if the following requirements are met for multiple support:

1. Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—together contribute more than half of the dependent's support.

2. Any one of those who individually contribute more than 10 percent of the mutual dependent's support, *but only one of them,* may claim the dependency deduction.

3. Each of the others must file a written statement that he will not claim the dependency deduction for that year. The statement must be filed with the income tax return of the person who claims the dependency deduction. Form 2120 (Multiple Support Declaration) may be used for this purpose.

Sale of Personal Residence by Elderly Taxpayers: A taxpayer may elect to exclude from gross income part, or, under certain circumstances, all of the gain from the sale of his personal residence, provided:

1. He was 65 or older before the date of the sale, and

2. He owned and occupied the property as his personal residence for a period totaling at least five years within the eight-year period ending on the date of the sale.

Taxpayers meeting these two requirements may elect to exclude the entire gain from gross income if the adjusted sales price of their residence is $20,000 or less. (This election can only be made once during a taxpayer's lifetime). If the adjusted sales price exceeds $20,000, an election may be made to exclude part of the gain based on a ratio of $20,000 over the adjusted sales price of the residence. Form 2119 (Sale or Exchange of Personal Residence) is helpful in determining what gain, if any, may be excluded by an elderly taxpayer when he sells his home.

Additionally, a taxpayer may elect to defer reporting the gain on the sale of his personal residence if within one year before or one year after the sale he buys and occupies another residence, the cost of which equals or exceeds the adjusted sales price of the old residence. Additional time is allowed if (1) you construct the new residence or (2) you were on active duty in the U.S. Armed Forces. Publication 523 (Tax Information on Selling Your Home) may also be helpful.

Retirement Income Credit: To qualify for the retirement income credit, you must (a) be a U.S. citizen or resident, (b) have received earned income in excess of $600 in each of any 10 calendar years before 1973, and (c) have certain types of qualifying "retirement income". Five types of income—pensions, annuities, interest, and dividends included on line 15, Form 1040, and gross rents from Schedule E, Part II, column (b)—qualify for the retirement income credit.

The credit is 15 percent of the lesser of:

1. A taxpayer's qualifying retirement income, or

2. $1,524 ($2,286 for a joint return where both taxpayers are 65 or older) minus the total of nontaxable pensions (such as Social Security benefits or Railroad Retirement annuities) and earned income (depending upon the taxpayer's age and the amount of any earnings he may have).

If the taxpayer is under 62, he must reduce the $1,524 figure by the amount of earned income in excess of $900. For persons at least 62 years old but less than 72, this amount is reduced by one-half of the earned income in excess of $1,200 up to $1,700, plus the total amount over $1,700. Persons 72 and over are not subject to the earned income limitation.

Schedule R is used for taxpayers who claim the retirement income credit.

The Internal Revenue Service will also compute the retirement income credit for a taxpayer if he has requested that IRS compute his tax and he answers the questions for Columns A and B and completes lines 2 and 5 on Schedule R—relating to the amount of his Social Security benefits, Railroad Retirement annuities, earned income, and qualifying retirement income (pensions, annuities, interest, dividends, and rents). The taxpayer should also write "RIC" on line 17, Form 1040.

REDUCED LONG-DISTANCE PHONE RATES FOR THE DEAF AND HARD OF HEARING WHO HAVE ACCESS TO A TELETYPEWRITER

Mr. TOWER. Mr. President, over 500,000 Americans are deaf or hard of hearing, making use of the telephone impossible. Consequently, communication over long distances is extremely difficult for these individuals. Through the work of a number of civic groups across the country, however, many of these people have been able to extend their horizons with teletypewriters which are linked by our telephone system.

The fortunate few who have gained access to this means of communication have found their lives enriched beyond measure. For many, however, the costs have proven prohibitive. Not only is the cost to install the equipment high for many, but monthly service charges for local use are much higher than standard telephone service rates and long-distance charges are exhorbitant because vocal communication can be accomplished much more rapidly than typed communication. For individuals whose earning capacity is limited by the handicap of deafness, these expenses all too often prove prohibitive.

In recognition of this problem, the Senator from Alaska (Mr. GRAVEL) has introduced legislation to allow any common carrier to reduce the long-distance phone rates for the deaf and hard of hearing who have access to a teletypewriter. I am pleased to join him as a cosponsor of this measure and commend it to my colleagues for their thoughtful consideration.

VAST AID FROM UNITED STATES BACKS SAIGON IN CONTINUING WAR

Mr. ABOUREZK. Mr. President, section 112, of the Foreign Assistance Act of 1973 prohibits all training or financial support of the South Vietnamese police force with respect to prisons, police administration, and computer training.

Recently in a discussion I had in my office with Mr. Lauren Goin, the Director of the International Police Academy and Mr. Mathew Harvey, the Assistant Administrator for Legislative Affairs for the State Department, I was assured that the Office of Public Safety was abiding by this prohibition and that, while the OPS program had been stopped in South Vietnam, the International Police Academy would continue to train a minimum of SVN police officers through June 14, 1974.

I was, therefore, surprised to read the article written by David K. Shipler in the New York Times of February 25, that contrary to these assurances, the OPS program in South Vietnam is apparently still very much alive.

Mr. Shipler quotes police officials in South Vietnam who confirm that American advisers remain on the job. In addition, in fiscal year 1975, the Nixon administration is planning to give Saigon's police force over $11.6 million in additional financial assistance.

Mr. President, one is compelled to ask just what this Congress and the American people have to do to stop the incessant funding of President Thieu's repressive police forces. What does it take to tell AID, OPS, and others in the State Department, no? We have passed a law, we have protected this funding on the floors of both Houses of Congress, and thousands of Americans have registered their shock and disbelief in regard to AID's persistent financing of police training and yet, the programs go on, almost unabated.

Not only does AID persist in violating section 112; there are other legalities which seem to matter little to them.

The Paris Peace Agreement, signed supposedly in good faith 1 year ago, states:

> The United States will not continue its military involvement or intervene in the internal affairs of South Vietnam.

Yet, there are over 3,900 U.S. military and technical advisers stationed in Vietnam who continue to advise the South Vietnamese on almost every technical facet of their military efforts.

In addition, the Pentagon has asked Congress for $1.45 billion for military aid to Saigon for next year, not to mention the $450 million they want in a supplemental to this year's military budget.

Mr. President, what kind of honor is it when the United States insists on vio-

lating agreements, signed in good faith, with other nations, and disregards even its own laws?

I sincerely hope that we will soon address this question, again, here in the Senate. These AID and DOD actions have made a mockery of our laws—both national and international. It is time, once again, for Congress to reckon with this grave situation.

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

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

VAST AID FROM UNITED STATES BACKS SAIGON IN CONTINUING WAR

(By David K. Shipler)

SAIGON, SOUTH VIETNAM, February 16.—Ray Harris of Ponca City, Okla., has come back to Vietnam. This time he is not behind the machine gun of an Army helicopter but behind a workbench at the Bien Hoa air base, sitting next to South Vietnamese Air Force men and repairing jet fighter engines.

Mr. Harris is a civilian now, safer and better paid. But his changed role in the continuing Vietnam war has scarcely diminished his importance, for as a 27-year-old jet-engine mechanic he remains as vital to the South Vietnamese military as he was in 1966 as a 19-year-old helicopter gunner.

He is among 2,800 American civilians without whose skills South Vietnam's most sophisticated weapons would fall into disrepair. Employed by private companies under contract to the United States Defense Department, these men constitute one facet of a vast program of American military aid that continues to set the course of the war more than a year after the signing of the Paris peace agreements and the final withdrawal of American troops.

Whether the United States is breaking the letter of the agreements could probably be argued either way. But certainly the aid directly supports South Vietnamese violations and so breaks the spirit of the accords.

The United States, far from phasing out its military involvement in South Vietnam, has descended from a peak of warfare to a high plateau of substantial support, dispatching not only huge quantities of weapons and ammunition but also large numbers of American citizens who have become integral parts of the South Vietnamese supply, transport and intelligence systems.

These include not just the Vietnam-based mechanics and technicians but also the Pentagon-based generals who tour airfields to ascertain the needs of the South Vietnamese Air Force, the "liaison men" who reportedly give military advice from time to time, the civilian Defense Department employees who make two-to-three-week visits to provide highly specialized technical help, and the Central Intelligence Agency officials who continue to advise South Vietnam's national police on intelligence matters.

The total budgeted cost of military aid to South Vietnam is $813-million in this fiscal year, and the Pentagon has asked Congress for $1.45-billion next year, with most of the increase probably going for ammunition which the South Vietnamese forces have expended at a high rate.

TRUE COST EVEN HIGHER

The true costs of the military support probably rise considerably above the official figures. Some of the aid, for example, comes in through economic programs that dump millions in cash into the Saigon Government's defense budget. An other costs—salaries of Pentagon technicians who make special vists, for example—are hidden in the vast budgets of the United States Air Force, Army and Navy and are not labeled "Vietnam."

These valuable military goods and services have a sharp political impact. They are indispensable to the South Vietnamese Government's policy of resistance to any accommodation with the Communists. Militarily, the extensive aid has enabled President Nguyen Van Thieu to take the offensive at times, launching intensive attacks with artillery and jet fighters against Vietcong-held territory.

Furthermore, the American-financed military shield has provided Mr. Thieu with the muscle to forestall a political settlement. He has rejected the Paris agreements' provision for general elections in which the Communists would be given access to the press, permission to run candidates and freedom to rally support openly and without interference from the police.

VIETCONG MAINTAIN PRESSURE

Mr. Thieu has offered elections, but without the freedoms. The Vietcong, refusing to participate unless the freedoms are guaranteed, have maintained military pressure throughout the country, mostly with artillery and rocket attacks on Government outposts and, from time to time, with devastating ground assaults against Government-held positions.

United States intelligence officials contend that continuing American aerial reconnaissance, as well as prisoner interrogation and radio monitoring, shows that the North Vietnamese have sent thousands of troops and hundreds of tanks and artillery pieces south in violation of the Paris agreements. They have also refurbished a dozen captured airfields and built a large network of roads that threatened to cut South Vietnam in two.

Yet in battle the Communists appear more frugal with ammunition than the Government troops, who have been seen recently by Western correspondents spraying artillery across wide areas under Vietcong control as if there was no end to the supply of shells. This difference has bolstered the view of some diplomats that China and the Soviet Union, unwilling to support an all-out offensive now, have placed limits on the rate of resupply to Hanoi.

Amid the political stalemate then, the inconclusive war continues.

KEEPING JETS IN THE AIR

Ray Harris is at his workbench in the huge engine shop at the Bien Hoa air base just north of Saigon. He works for General Electric, which manufactures the jet engine that drives the Northrop F-5 fighter, the mainstay of Saigon's air force.

He hunches over a circular fuser assembly, the last part of the engine before the afterburner. The assembly is invisibly cracked, and Mr. Harris is using a machine about the size of a dentist's drill to grind down the metal so the crack can be welded.

There are Americans everywhere in the shop, which is devoted to repairing and overhauling fighter and helicopter engines. There is virtually no workroom or machine or assembly line where Americans are anything less than essential parts of the process. Although a few are training Vietnamese to take over the work eventually, most are simply doing the work, especially the highly technical jobs, themselves.

The line where rebuilt jet engines are finally assembled, for example, looks more like a factory somewhere in the United States than a shop belonging to the Vietnamese Air Force. Eight or 10 Americans work on several engines, and not a Vietnamese is in sight.

There are 25 Vietnamese assigned here, a technician says with a shrug, but he adds, "I never see them."

OUTPUT IS KEPT HIGH

Ken Martin of G.E. is crouching with another American beside a jet engine that he has just assembled himself in four 12-hour days. Without the American technicians, he says the shop could produce no more than 40 per cent of what it does. Another American, asked what would happen if he and his colleagues pulled out, replied, "This would turn into a big Honda repair shop."

As self-serving and exaggerated as these assessments seem, they underscore the long-term military role that American civilians will have to play if the South Vietnamese are to have continued use of their complex weapons.

Without long training, mechanics in any modern air force probably could not match the skills of the American technicians, most of whom are not young Vietnam war veterans like Mr. Harris but seasoned experts who have been building and rebuilding engines for years on bases here in the United States.

"Most of our people—this is the only work they've ever done," said Glenn Miller, the 47-year-old G.E. supervisor at the shop. Mr. Miller has 22 years experience with the company, all on jet engines.

His men are so vital that they—and those working on helicopters for Lycoming Aircraft—were all placed on 12-hour shifts last month during the week before Tet, the Lunar New Year holiday. Their objective was to get as many aircraft flying as possible, Mr. Miller explained, to be ready for any Communist offensive.

MAKES $1000 IN A LONG WEEK

Mr. Miller figures that with overtime and other bonuses, some of the men made $1,000 apiece that week.

High pay is cited by many of the civilians as the main reason for their choice of Vietnam as a place of work. After a year on the job G.E. employes get double their base salaries, bringing the average pay to $20,000 or more, plus $16 a day for food and lodging—an annual total in excess of $25,000.

Since living costs are low by American standards, and since the employees do not have to pay any Federal income tax on $20,000 a year if they are off American soil for at least 18 months, many say they save a good deal of money. Some add that the money has become a silent source of resentment among the Vietnamese Air Force men, who earn only $10 to $35 a month.

This, plus profound war-weariness, has made many Vietnamese men difficult to teach, the contractors say. "They are only kids, all of them—they don't want to be in the military to begin with," said Elmer Adams, a former United States Air Force man who works for Lycoming supervising helicopter repairs.

"It's a lack of desire," said a technician for Cessna Aircraft working at the Da Nang air base. "They've been under so much pressure for so long they just want peace. They're peace-minded."

CRITICISM OF AMERICANS

It was said sympathetically, and the Cessna man went on: "All they know is that Americans came over here and tore up their country, uprooted their villages and now they're looking for food."

Gilbert Walker, another technician, who asked that his company not be identified, observed: "The people I talk to in town care very little about the form of government they have. I guess I don't feel much difference. I don't feel too much admiration for the present Government."

In that case, he was asked, why is he helping the South Vietnamese carry on the war? "I work for my company and I try to keep the aircraft flying," he replied. "I'm working on helicopters, that's all I know. Sometimes I sit back and think, What's it all for, what's the good of it all? It seems like an exercise in futility, what I'm doing."

Futile or not, the Americans' work has carried some of them to positions of considerable authority in the South Vietnamese military supply system. The South Vietnamese still call many of them "co van,"

which means "advisers," and the American office at the Da Nang base has a big sign over the door that read, "Co Van."

The Americans often come to identify closely with their jobs, perhaps taking more responsibility than their contacts call for. In a revealing slip of the tongue, Mr. Adams of Lycoming looked around the Bien Hoa engine shop and remarked, "We're in the process—they're in the process, rather—of reorganizing the shop."

MANY STILL ON PAYROLL

The fact is that supply and transportation have remained an American operation. "We Vietnamized the fighting, but we never Vietnamized logistics," said a Defense Department official based in Saigon.

That is reportedly the principal reason the United States Defense Attaché's Office—originally scheduled to be dismantled early this year—still contains about 1,150 people, of whom 50 are military men, according to official figures.

In addition, the reduction in the number of Americans working for private defense contractors has halted, allowing the figure to level off at approximately 2,800, down 2,200 since July, according to a spokesman for the Defense Attaché's office.

The logistics effort—provision of maintenance, ammunition, weapons, trucks, fuel, electronics parts and the like—is now the basis for the Americans most pervasive and intimate contracts with the South Vietnamese military. Depending on how such terms as "military" and "advisers" are defined, there is evidence that the contracts occasionally cross into areas of relationship prohibited by the Paris agreements.

"The United States will not continue its military involvement or intervene in the internal affairs of South Vietnam," Article 4 of the cease-fire agreement declares.

"TOTAL WITHDRAWAL"

Article 5 says: "Within 60 days of the signing of this agreement, there will be a total withdrawal from South Vietnam of troops, military advisers and military personnel, including technical military personnel and military personnel associated with the pacification program, armaments, munitions and war material of the United States and those of the other foreign countries mentioned in Article 3(a). Advisers from the above-mentioned countries to all para-military organizations and the police force will also be withdrawn within the same period of time."

According to both American and South Vietnamese officials, the American civilians—both employes of private companies and those of the Defense Department—who help with supply activities not only see that the South Vietnamese get the equipment and ammunition they ask for but also advise them on what to ask for.

Some of these activities came to light as a result of the capture by the Chinese last month of a former United States Army Special Forces captain, Gerald E. Kosh, who was aboard a South Vietnamese naval vessel during a two-day battle with Chinese forces in the Paracel Islands, in the South China Sea.

Mr. Kosh, who was taken prisoner and later released, was described by a spokesman for the United States Embassy as a "liaison officer" with the South Vietnamese military whose job was to observe the efficiency of various army, navy and air force units and report to the Pentagon.

American officials steadfastly refused to provide further details of Mr. Kosh's job. They would not say exactly what he was supposed to observe or whether his reports were ultimately shared with the South Vietnamese. They did say that there were 12 such liaison men based in various parts of Vietnam.

EXTENT OF ROLE UNCLEAR

What is not clear is whether they confine their observations to such matters as the condition of equipment and the rate of ammunition expenditure, or whether they evaluate military tactics and strategies and go so far as to suggest alternatives.

What is fairly certain is that their reports end up in the hands of the South Vietnamese, perhaps providing indirect advice of one sort or another.

A South Vietnamese officer in a position to know said recently that normal procedure called for an American and a South Vietnamese to make an inspection or auditing tour of a military unit together. Then they write up their reports, sometimes separately, sometimes together. The reports, he said, are forwarded up the chain of command in the United States Defense Attaché's Office, which then relays copies of them to Lieut. Gen. Dong Van Khuyen, head of the Logistic Command for the South Vietnamese Joint General Staff.

More direct, overt advice is sometimes given by zealous Americans who are still stationed in every province. An embassy official reported recently that an American based in one province boasted to him about a successful military operation: "I told them to clear the Communists out of there."

Actually, South Vietnamese military men do not seem anxious for such guidance, noting with some pain that their country has suffered for years under American advice. What they want from the United States is military aid.

SIX GENERALS PAY A VISIT

Clearly, the Pentagon continues to attach high priority to the success of the South Vietnamese military. Last fall a group of six Air Force generals based in the Pentagon visited the Da Nang air base to find out what equipment and aid were needed, according to the base commander, Lieut. Col. Nguyen Tan Dingh. He said they were scheduled to come again this month.

A few weeks ago two civilian employes of the Air Force—one based in Hawaii and the other in Texas—were flown to Vietnam for a short stay so they could give advice on the repair and upkeep of plants that manufacture oxygen for jet fighters. One said he had been in and out of Vietnam frequently on similar missions since 1964, the other since 1968.

Although the Paris agreements explicitly rule out advisers to the police force, the South Vietnamese National Police continue to receive regular advice from Americans.

In a recent conversation with this correspondent, two high-ranking officers said they and their staffs met frequently with the Saigon station chief of the C.I.A. and his staff. Sometimes, they said, the C.I.A. chief asks the police to gather intelligence for him, and often they meet to help each other analyze the data collected.

A police official confirmed that in some provinces "American liaison men" who work with the police remain on the job. "There are still some, but not so many," he said.

EPISODE IN POLICE STATION

Local policemen still refer to "American police advisers," according to James M. Markham, Saigon bureau chief of The New York Times, who was detained by the police late in January after a visit to a Vietcong-held area.

Mr. Markham said that in both Qui Nhon, where he was held overnight, and Phan Thiet, where he was detained briefly while being transferred to Saigon, policemen, talking among themselves, referred to the "police adviser." In Phan Thiet, he reported, a policeman was overheard saying, "Let's get the American police adviser over here."

In the last six weeks The New York Times has made repeated attempts to interview officials in the United States Agency for International Development who are responsible for American aid to the police. Although the officials appeared ready to discuss the subject, they were ordered by the United States Ambassador, Graham A. Martin, to say nothing.

In the absence of official United States figures, the best information on police aid comes from Senator Edward M. Kennedy, who calculated that as of last June 30 the Agency for International Development and the Defense Department has spent $131.7-million over the years for police and prisons in South Vietnam. Despite a Congressional ban on such assistance enacted last December, such support has continued, according to American officials, but they say that no decision has yet been made on how to phase out the programs.

Section 112 of the new foreign aid bill reads: "None of the funds appropriated or made available pursuant to this act and no local currencies generated as a result of assistance furnished under this act may be used for the support of police or prison construction and administration within South Vietnam, for training, including computer training, of South Vietnamese with respect to police, criminal or prison matters, or for computers, or computer parts for use for South Vietnam with respect to police criminal or prison matters."

TRAINING IN WASHINGTON

South Vietnamese policemen are reportedly still being trained at the International Police Academy in Washington, and technical contracts with private companies that provide computer services and communication equipment have not been terminated.

Senator Kennedy reported that the Nixon Administration had requested $869,000 for the current fiscal year for police computer training, $256,000 for direct training of policemen, $1.5-million for police communications and $8.8-million for police equipment, presumably weapons and ammunition, from the Defense Department.

Although these figures are not normally included in the totals for military aid, the police here have military functions, and engage in infiltration, arrest, interrogation and torture of Communists and political dissidents.

This activity violates the cease-fire agreement, which states in Article 11: "Immediately after the cease-fire, the two South Vietnamese parties will . . . prohibit all acts of reprisal and discrimination against individuals or organizations that have collaborated with one side or the other, insure . . . freedom of political activities, freedom of belief."

INTERVIEWS ARE REFUSED

Not only has Ambassador Martin ordered American officials to remain silent on the subjects of military and police aid; both he and the Defense Attaché, Maj. Gen. John E. Murray, refused requests by The New York Times for interviews. Furthermore, the embassy told at least two private companies—Lear-Siegler, which employs a large force of aircraft mechanics here, and Computer Science Corporation, which works on military and police computer systems—to say nothing publicly about their work, according to company executives.

The official nervousness is attributed by an embassy employe to the Nixon Administration's apprehension about the inclination of Congress to cut aid to South Vietnam. The Ambassador has reportedly told several non-Government visitors recently that South Vietnam is in a crucial period and that he sees his role as unyielding support to build up and preserve a non-Communist regime.

He is reported to have pressed Washington to provide new weapons for Saigon to counteract the infiltration of troops, tanks

and artillery from North Vietnam since the cease-fire. For example. plans have been made for the delivery of F–5E fighter planes to replace the slower, less maneuverable and less heavily armed F–5's, many of which were rushed to South Vietnam in the weeks before the cease-fire.

VIOLATION IS CHARGED

Privately, officers in the International Commission of Control and Supervision scoff at the American contention that supply of the planes does not violate the Paris agreements, which permit only one-for-one replacement of weapons "of the same characteristics and properties." A high-ranking official of one of the non-Communist delegations, asked recently if he thought the United States was faithfully observing the one-for-one rule, replied, "Of course not."

There is nothing the commission can do about it without permission from both the South Vietnamese Government and the Vietcong to investigate, and permission is unlikely to be forthcoming from the Saigon side. Similarly, the commission has been unable to audit other incoming weapons and ammunition for both sides. During the first year after the cease-fire, the United States provided South Vietnam with $5.4-million worth of ammunition a week, apparently unaccompanied by pressure to restrain military activities.

Several weeks ago Elbridge Durbrow, who was Ambassador to South Vietnam from 1957 to 1961, came to Saigon and met with Ambassador Martin and General Murray. Mr. Durbrow, who denounced the Paris agreements and who declares, "I am a domino-theory man," was asked by newsmen whether the American officials had indicated that they were trying to keep South Vietnam from violating the cease-fire.

"Not from anybody did we hear that," he replied. Then, referring to General Murray, he said: "He's not that kind of man at all—just the opposite. If you are not going to defend yourself you might as well give up and let Hanoi take over."

CRUDE OIL ALLOCATIONS

Mr. BARTLETT. Mr. President, the crude oil allocation provision of the Emergency Petroleum Allocation Act of 1973 is a perfect example of Congress failing to provide the President with the flexibility to accomplish desired goals.

The consumer is the ultimate loser.

The law provides for "equitable distribution of crude oil, residual fuel oil, and refined petroleum products at equitable prices among all regions and areas of the United States and sectors of the petroleum industry, including independent refiners, small refiners, nonbranded independent marketers, branded independent marketers, and among all users;".

At the time this law was passed I said:

S. 1570 mandates rigid programs to be carried out by the President to allocate crude oil, residual fuel oil and refined products . . . and if enacted into law, will worsen and perpetuate the energy shortage. It does nothing to increase energy supplies. Instead, it merely spreads out the pain of shortages in such a way as to discourage competition as it eliminates the free market.

That prediction has proven accurate, as can be seen by the long lines at gasoline stations.

The regulations adopted by the Federal Energy Office, pursuant to the Allocation Act, are causing less petroleum products to be available to the consumers of the United States.

The regulation discourages imports of crude oil because the importers of crude oil often must allocate some of their oil to other refineries which are operating at a lesser percentage of capacity until all refiners are operating at the same percentage of capacity.

Crude oil imports have dropped from about 2.8 million barrels per day to only 1.9 million barrels per day.

Whenever possible it is more advantageous to the oil companies to import products instead of crude oil, because if crude oil is refined abroad and then brought in as a product the importer of the product gets the full advantage of the crude oil with a cost passthrough on the price of the product and possibly even gets additional crude oil allocated to him domestically rather than having to sell crude oil if he had imported it.

Another objection to the crude oil allocation regulation is that the crude oil seller is required to sell based on the average cost of all his crude plus a small additional amount. So, if a company imports crude oil at a high price, say $13 per barrel, he is forced to sell it at a weighted average price of all his crude at perhaps $8 per barrel; there is undoubtedly a disincentive to work hard to find crude oil to import. The customers of these individual companies bear the burden of selling the more expensive foreign oil at a lesser price to another domestic refinery.

Another situation, that I am sure was unintended by Congress, is that some small refiners which worked diligently to acquire sufficient crude oil are forced to sell some crude oil to big major refiners; and particularly irritable to some of the larger refiners is that they must sell crude oil to another large competitor who does not need such assistance.

Some of the smaller refiners, before the allocation bill was passed, had competitively bid to obtain additional crude oil for their refinery. Now, some of those refineries are being asked to sell to giants like Texaco, Union Oil of California, Sun Oil Co., Atlantic Richfield, Marathon, and other large companies who should be capable of obtaining their own crude oil.

Granted, there are some small refineries which do benefit as was intended from the crude oil allocation program, and they should continue to be provided crude oil to meet their minimum operational requirements, but the other inequities should be removed by Congress.

In my State, small refineries such as Allied Materials Corp.—4,500 barrels per calendar day—and Apco Oil—12,000 barrels per calendar day—are having to make their crude oil available to the giants that I have just listed.

Other larger companies, such as Skelly, Conoco, Gulf, Phillips, Champlain, Cities Service, Kerr-McGee, Teneco, Amoco, and Mobil are having to make some of their crude oil available to other major oil companies. This decreases competition.

The regulation favors the company that does the least to help itself, which is not in the American tradition of competition.

Flexibility is needed in the law to allow highly efficient plants to operate at higher capacities so that we can get more product from each barrel of oil and so that the few plants which are able to make certain specialized products will not be unnecessarily curtailed.

The expense of reselling and relocating crude oil must be borne by the consumer, so that cost must be kept to a minimum.

The result is less gasoline and petrochemicals at a higher price from the available crude oil.

Congress should consider an alternate proposal that would not act as a disincentive to import crude oil and would promote competition to exist again.

Congress should adopt language that will give to the administration the flexibility needed to accomplish the objectives intended by Congress, including the provision of crude oil to a very important segment of our economy—the small independent refiner.

If Congress does not make the needed changes, there will continue to be insufficient incentive to import oil or to bid for "new" oil. There will be no incentive at the end of the quarter in April to compete to obtain "new" oil since all oil would be allocated anyway, and each refiner would receive a proportional share of all crude available.

"Stripper" oil is the only remaining vestige of the free market because "new" oil and matching oil must be allocated according to the 1973 allocation act.

The problems of allocating crude oil are too complex for a slow-moving body like the Congress to try to fix in legislation the specific manner in which allocations should be conducted. Once the intent is set out in legislation, then the administration should be given the reins so that it can accomplish the goals set forth.

VOTER REGISTRATION

Mr. MOSS. Mr. President, inevitably, future generations of Americans will remember the 93d Congress as the one that considered the impeachment of President Nixon.

Regardless of the outcome of the inquiry, this Congress is assured of its place in history simply because of the profound significance of impeachment. Only once before in history has Congress faced this grave question, one embodying the ultimate step that can be taken by the legislative branch to preserve our system of checks and balances.

But given the great historical importance of impeachment, I hope I am not consigning myself to oblivion when I say that up until now most of my time has been occupied with other matters. The same is probably true of most of my colleagues. In time, the Senate may be forced to devote its full attention to the question of impeachment, but until then, there is other important business of the Nation to attend to.

History may record the 93d Congress as the impeachment Congress, but, in my view, it should be remembered as the Congress that produced legislation of great consequence for the American people.

One of the vital areas of congressional concern this past year—indeed for the

past several years—has been energy. Because of the efforts of the 93d Congress, there will be several new statutes on the books designed to conserve and increase our energy resources.

I believe that this Congress also will enact legislation in the areas of trade, pension reform, auto insurance reform, tax reform, and health insurance—legislation of great import to every American.

Finally, I hope that the Congress will pass legislation to remove the obstacles that now exist to exercise of the right to vote. This right is the basis of American democracy. Last year, the Senate passed a bill that would facilitate the exercise of the franchise and, hopefully, the House will soon follow suit.

Since I have argued for a better method of voter registration, a number of times in the past, I will not repeat the argument that I and a number of other Senators have put forward.

But, I request unanimous consent that the editorial from Sunday's Washington Post be printed in the RECORD. Despite the media's preoccupation with Watergate and impeachment, the Post editorial demonstrates an awareness that Congress does have other very important business at hand.

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

VOTER REGISTRATION BY MAIL

This year, millions of Americans will go to the polls to determine the shape of the 94th Congress—in a series of electoral rites guaranteed to undergo much scrutiny and analysis in the wake of what's been happening on the national scene since 1972. Regardless of what the voters decide, however, millions of other Americans will *not* have gone to the polls—because they weren't registered to vote. Undoubtedly, this phenomenon will then generate a spate of interpretations examining voter "apathy" and "alienation." What is too often overlooked, though, is the amount of administrative red tape still attached to the election system, including procedures for voter registration.

Specifically, the requirement in most states that people must appear in person for registration at some appointed time and some prescribed place in advance of Election Day is a serious limitation on the franchise in this country. Registration can be quite troublesome for citizens who live in rural areas at some distance from the nearest courthouse, as well as for those whose jobs make it difficult to get to registration places at times when registrars are ready to sign them up. In urban areas, too, there is the problem of volume.

The precise effect on voter participation is hard to gauge, but one poll by the public opinion research firm of Daniel Yankelovich, Inc., found that three-fourths of those who did not vote in the last presidential election had stated that they would have voted had they been registered. Moreover, according to a report by the House Administration Committee, preliminary statistics of the Bureau of Census indicated that 87 per cent of those citizens who did register stated they voted.

It can be argued that people ought to care enough to make sure they're properly registered to vote. Nevertheless, the process ought to be a simple as possible. A simplified, convenient and uniform system of registration through the mails would go a long way toward that objective.

Right now, Congress has an important opportunity to effect this reform. The Senate already has passed a bill providing for registration by mail, and the House Administration Committee has approved a companion measure that is now before the House Rules Committee. Basically, the legislation would establish voter registration by mail throughout the country for federal elections.

Registration forms would be sent to postal addresses at least once every two years, and would be available at all post offices and military installations. Distribution also could be made through other federal agencies or through state officials. Completed forms would be returned to the appropriate state or local election officials for verification, and applicants would be sent forms notifying them whether their registrations have been accepted or rejected.

To help guard against abuses of this system, the legislation provides for federal assistance, at the request of states, in preventing fraudulent registration or voting. In addition to current federal criminal penalties and other existing actions possible under state laws, civil actions could be brought; and the measure provides for severe criminal penalties of fines and imprisonment for various offenses.

Opponents of H.R. 8053, the House bill, claim that postcard registration would encourage fraud and lead to administrative chaos. But the fact is, registration by mail is already working—quite well—in a number of areas around the country, including Montgomery County, which joined with four other Maryland jurisdictions in opting to be covered under a new state law.

We fail to see any persuasive reason for Congress refusing to permit this sensible reform, which seeks to lower the barriers to voting in the United States. H.R. 8053 deserves prompt passage by the House and final congressional approval in this election year.

THERE'S NO SUCH THING AS A FREE LUNCH

Mr. McCLURE. Mr. President, during these times of higher prices and product shortages, either existing or threatened, it is essential that the Congress keep in mind the first basic law of economics: "There is no such thing as a free lunch."

When meat prices rose last year, the political outcry was "more Government price controls." The resulting shortage should have been an obvious outcome to every Member of Congress.

Today, we are hearing the same narrowminded political outcries—for export controls and renewed price controls, among other equally irrational schemes.

Certainly I am concerned about the rising cost of living, but if this Nation is to avoid a long range continuing pattern of worsening shortages and increasing prices, then the first steps must be taken here. And, these steps have to be taken based on the principle, "There's no such thing as a free lunch."

Mr. President, the Secretary of Agriculture, Earl L. Butz, recently explained this principle in a short article, appearing in the March 1974, issue of the American Farmer magazine. I ask unanimous consent that his article be printed in the RECORD.

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

THERE'S NO SUCH THING AS A FREE LUNCH
(By Earl L. Butz)

In the old days the king called in his three wise men to tell them he'd become interested in economics. "But," he said, "it sounds confusing and complicated. I want you to go out and boil it down for me in a way that I can understand."

Nine months later they came back and reported they had completed the job. They said they had condensed all of economics into a single book of 200 pages. The king said, "That's too long. I don't have time to read that much."

He had the chairman beheaded, and told the other two: "Now I want it boiled down."

They came back in 30 days and said they had economics boiled down into a single chapter of 20 pages. The king said, "That's too long. I don't have time for it."

He had the chairman beheaded, and turned to the remaining wise man: "You know your job. Now, boil it down."

"Yes sir, Mr. King!"

This wise man came back in three days: Mr. King, I think I have it. I have boiled down the entire subject of economics into a single sentence of eight words."

The king said, "That's fine. I have time for that. What is it?"

"There's no such thing as a free lunch."

I tell that story because I think those eight words sum it up pretty well. Economics is a description of what you and I, and others like us, do in order to get our share of the things that are in the real life around us.

Unfortunately, there are a lot of people around—you know them and I know them—who think that there is such a thing as a free lunch.

Take the role of the Federal government—Uncle Sam, if you will. Some people look on him as a kind, benevolent old gentleman who hands out free gifts. They look on him as a child might look at a grandfather.

Take most any state or local project. If there's work or money involved, it's easy to say: "Let's have the Federal government do it." You see this happening all the time. Maybe it's a new courthouse in the county seat, or a sewage plant, or just one of many things: "Let Washington do it."

"There's only one way the government can do anything—that's with your money. The government is not a form of voluntary giving; it is a form of compulsory giving. You lose your home or your land if you don't pay your taxes. There's nothing benevolent about old Uncle Sam when it comes to you paying the tax bill. There's no such thing as a free lunch.

The next time you see a headline saying that the Congress has voted a $1 billion project, just figure that on the average this is about $5 out of your pocket and out of the pocket of every other member of your family.

"But," somebody says, "we're just talking about our own little community project. If we don't get that Federal money, somebody else will use the money. This project costs only a few thousand dollars. That's a drop in the bucket compared with what the Federal government spends on other things."

You've heard that, or something like that, many times, I'm sure.

Fact is, most everything the government does is, of itself, a drop in the bucket. However, when you add up all the little drops, it makes quite a bucketful. And the bucket is spilling over.

We're already spending about 34% of our gross national product for government—Federal, state or local. That means that we have given to the government one-third of the decision-making power over how our money is spent.

There are many things that we want and need to have the government do. The problem develops when it seems so painless and easy to add "just one more." That's how we got the 34%—by adding "just one more." We have direct control over the dollars that we spend individually; however, we lose direct control over our dollars when we pay them out as taxes. The control then becomes diffused and political and hard for any one

of us as an individual to do very much about.

If you don't think so, pick up the newspaper almost any day. Chances are you can read one to several stories about this or that proposal to launch a government project of some kind. Each one is a proposal to spend more of your money. Some are worthy causes, but how much "say" do you have in deciding whether you want to pay more for each of these projects?

The farther away from your local government the decision gets, the harder it is for you to exercise control. That's why the Federal budget has been balanced only 4 of the past 20 years. That's why inflation is eating us up. That's why we ought to reverse the trend in this country and return more government to local decision-making. That's why we should ask about every public project, "Is it worth what it costs if we had to pay for it directly?"

Even then there are problems. If your local government is making a capital improvement of some kind, you'll probably find you can't save tax dollars in the budget ahead of time and pay cash. You'll probably have to borrow, float bonds, build up a debt and pay for the project twice through interest payments. There's no such thing as a free lunch.

All right, but we run out of the rich pretty quick. The great bulk of the tax load comes out of the pockets of ordinary people. There's no other way. If we held every rich guy by his heels and shook out all his money, it would still be a drop in the bucket.

Tax the corporations? When you tax them, they have to get the money somewhere, since it is strictly illegal for them to manufacture money. When the corporation is taxed, the corporation tacks the cost onto the price of the article you buy. When you buy Corporation X, Y, Z's handy dandy little gizmo, you pay the corporation's tax.

A corporation, then, is a tax collection agent for Uncle Sam. That kind, benevolent old gentleman is a wily old cuss who has his hand in your pocket in a way and at times when you don't suspect it. There's no such thing as a free lunch.

Take ceilings on prices. We've heard a lot about them in the last few months. Inflation has been chasing prices of many things up the trees. It happened on food last summer. Housewives not only complained; some of them became activists and picketed. They demanded that "something be done."

Well, the government is also a listening post. When somebody in political office hears the chant loud and clear from back home, he figures he'd better do something or he won't be around to hear the chant the next time. The urge for personal survival in Washington is a powerful instinct. It's the primary political instinct, you might say.

Last summer, in response to the cry from back home, controls were put on food. All of a sudden, the market was telling farmers not to produce as much. The market after all is nothing more than a sounding board for the desires of people. You might call it an echo chamber. Each day people all around the country, by spending their money, say, "I want more of that." The price goes up. Or they say, "I want less of that." The price comes down.

Each person, including you and me, whispers something to the market each time we make even a little decision about how we spend our money. Those little whispers, billions of them a day, echo back from the market echo chamber. It shouts back that nationally we want more of this, or more of that, or less of it.

Stock markets reverberate. Corporations shake. The little store down at the corner quivers. All before the loud echo of those billions of little decisions that we make everyday.

Let's say the market thunders that it wants more of something—the price goes up. But the housewife fusses that "it's already too high priced." So the government puts on a ceiling. Well, that doesn't make any more of the product. We go right on making all those little decisions, each of us, that put the price up in the first place. Now that the price isn't going up anymore, as a result of the ceiling we buy even more of it.

Pretty soon, there's not enough to go around. We keep right on buying—but the fellow who makes it is getting a wrong signal. The market is telling him not to produce as much. The price isn't attractive anymore. His costs keep climbing, but the price for what he makes doesn't. So he quits. Or his banker makes him quit. There is less of the product around.

There's only one thing you can do then—ration the product with ration stamps. If you don't, there won't be any of it down at the store when you get there. People don't like that. What good is a controlled price if the product isn't there to buy?

What controls do is substitute government ration stamps for our dollar bill ration stamps. Instead of you and me setting the price by our own decisions with the way we spend our dollar bills, we let the government make the decisions by parceling out ration stamps to us—so many for each one of us. The same for each. That's the bureaucratic way of being fair.

So controls, then, which set out to do us a favor, end up discouraging production, instead of encouraging it. The ration stamp cure for the disease of low supply makes more of the disease by discouraging production. There's no such thing as a free lunch.

Another common principle is that most everything has a cost-benefit ratio to it. The item has a benefit, or we don't want it. And it has a cost, or we can't get it. That's the way it is with anything where there isn't enough to go around.

You can walk out and look at the moon. It's pretty on a clear, crisp night, and you can take in all of the scene you want to; it doesn't cost you a cent. Unless maybe you wear glasses, which I do. Then even looking at the moon isn't free.

The point is, if something is scarce, and practically everything is, it has a cost. Whether you pay that cost or not depends on how you look at the benefit and whether you have the money to pay.

Most everything has a cost-benefit ratio. You can't escape it. Are we going to have completely clear air and not enough energy? Are we going to poison coyotes—and maybe some birds while we're at it—and have enough wool and lamb; or are we going to listen to the howl of more coyotes at the cost of less lamb?

Are we going to feed DES to cattle and perhaps have a residue in some beef livers in an infinitesimal amount which has never been known to harm anyone's health; or are we going to avoid even one particle of DES per trillion in beef liver and pay more for beef, since it costs more to raise it without DES?

Are we going to disrupt a narrow strip of tundra and disturb some wildlife in remote parts of Alaska, while tapping the rich oil supplies there, or are we going to have gas rationing? Are we going to have well-planned forest harvests and reforestation, or are we going to look at the undisturbed wilderness and hoard resources? For every benefit, there is an offsetting cost.

There's no such thing as a free lunch!

PRESIDENT NIXON'S NEWS CONFERENCE

Mr. HUMPHREY. Mr. President, I take this opportunity to express my serious concern about certain statements made by the President at his latest news conference, on the evening of February 25. Either the President is trying to manufacture good news to disguise a bad situation, or else he is terribly out of touch with the realities facing the American people.

For instance, the President repeated his statement that there will be no recession this year. Yet some 600,000 people have lost their jobs since last October. The economy is no longer growing and may already be contracting. All forecasters—including the President's own economic advisers—predict large additional increases in unemployment and inflation in 1974. Probably we are already in a recession, but Mr. Nixon is quibbling about whether it is a recession or just a "downturn."

The President also declared that the energy crisis is over and that all we have left is a "serious problem." This, too, is just semantic nonsense. It is true that we have been spared—for this year—the kind of fuel shortage that would have meant widespread work stoppages or cold homes. But the energy crisis is far from over. The adjustment needed to end it will take several years to complete. The President should level with the American people and not cut the ground out from under his own energy officials and their efforts to encourage our citizens to persevere in their energy conservation measures.

Mr. Nixon says there is a better than even chance now that we will not need to ration gasoline. This will come as small comfort to people waiting for hours in long gas lines. This problem will not go away even with the end of the Arab oil embargo, and the Government must take more decisive action to end the present chaos instead of continuing to handle it with press conference rhetoric.

Mr. Nixon said also that he expects inflation to be brought under control in the latter part of this year. That is exactly what administration officials told us last year at this time, but things only got worse. The fact is that no one really can say what will happen to prices more than 6 months from now. Answering a different question about the future of his party, Mr. Nixon stated that no one can predict what will happen in politics by election day. I think it is the same with the economy.

The President says that Secretary Butz expects food supplies to increase and to restrain food prices. This presupposes good yields from crops, some of which are not even planted yet. Neither the President nor Mr. Butz can promises good weather and other conditions needed for good crops. But we do know that there is a worldwide shortage of fertilizer. In fact, the fertilizer shortage abroad could create critical shortages of food—even famine conditions—in some parts of the world, and we could not isolate ourselves from such a situation.

The President puts part of the blame for our present situation on the Congress and part on the Arab oil embargo. But economic growth was declining long before the embargo; the embargo only made the slump more sudden. And people should remember that we had gaso-

line shortages last summer and that they were expected even then to get worse for several years.

As for Congress, the President states that the Emergency Energy Act fashoned by the Congress would aggravate fuel scarcity and might even bring gas rationing because it would impose tighter controls on crude oil prices. He, therefore, would veto it. I say that this bill would not deter supply. It would rollback "new" crude prices to $7.09, a level just below that already under consideration by the administration's energy officials. Such a rollback would just cut some of the fat out of the excess profits the oil industry stands to make this year. The President himself promised that no profiteering from the oil crisis would be permitted, but his tax proposals would hardly scratch the surface of this year's excess profits.

In summary, Presidential declarations do not make things so. If the President is so out of touch as his news conference indicates, then the Nation is indeed in severe straits. If he is just making good news to cheer people up, he would do better to work toward real solutions to the Nation's problems rather than papering them over with self-serving political rhetoric and economic fiction.

McCLURE COMMENDS MISS IDAHO TEENAGER

Mr. McCLURE. Mr. President, we read a great deal about the negative aspects of youth in America today, and if we were to believe all we read * * * but recently Miss Debbie Cox who, incidentally, is Miss Idaho Teenager, wrote an essay entitled "What's Right About America." Miss Cox, from the small community of Buhl, Idaho, typifies something not generally expressed in the media: what is right about young people. Mr. President, I would like to comment to my colleagues Miss Cox's short essay, and I ask unanimous consent to have it printed in the RECORD.

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

WHAT'S RIGHT ABOUT AMERICA

(By Miss Debbie Cox)

What's right about America? Look around!! What other country offers so much freedom or so much beauty as our America?

Never in her history as a nation has she suffered the terror of famine or starvation, as have India and China. She has no impersonal or dictatorial government, rather one that is just and democratic. She has no lasting scars of war, for she has the pride and the willingness to continue her pursuit for freedom, justice and equality.

America stands uniquely alone with the courage to look at herself with a critical eye and with the determination, not only to survive, but to contribute to the betterment of all mankind.

There is no other country as wonderful as my country. My life is her life, and I thank God I can say: "I Am An American!"

QUORUM CALL

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. GRIFFIN. 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.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

ACTIVITIES OF OVERSEAS PRIVATE INVESTMENT CORPORATION

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of the unfinished business, S. 2957, which the clerk will state by title.

The legislative clerk read the bill (S. 2957) by title, as follows:

A bill relating to the activities of the Overseas Private Investment Corporation.

The Senate resumed the consideration of the bill.

QUORUM CALL

Mr. CHURCH. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be taken equally from both sides under the unanimous consent agreement.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUCKLEY. 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.

SENATE RESOLUTION 291—RELATING TO MISSING NEWSMEN IN SOUTHEAST ASIA

Mr. BUCKLEY. Mr. President, I ask unanimous consent to suspend the regular order for the consideration of a resolution, which I send to the desk.

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

The legislative clerk read the resolution.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to its immediate consideration.

Mr. BUCKLEY. Mr. President, I believe that the resolution speaks for itself. There are missing newsmen known to be alive in Cambodia; 48 of our colleagues have cosponsored this resolution to ask the President to insist that they be identified, located, and liberated.

I have consulted with the majority leader (Mr. MANSFIELD), and he has approved the immediate consideration of this resolution.

Mr. President, I am submitting the resolution on behalf of myself and the following:

Tower, Tunney, Gravel, McGovern, Helms, Pastore, Goldwater, Hart, Pell, Pearson.

Biden, Nelson, Domenici, Allen, Stevens, Mansfield, Williams, Hansen, Brooke.

McClure, Percy, McClellan, Dole, Metzenbaum, Bennett, Griffin, Javits, Mathias, Curtis.

Burdick, Byrd, Robert C., Eastland, Fannin, Huddleston, Packwood, Bellmon, Dominick, Beall.

Baker, Fong, Fulbright, Stafford, Roth, Gurney, Muskie, Weicker, Bartlett, Hugh Scott, Adlai Stevenson and Inouye.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 291) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 291

Resolution Relating to missing newsmen in Southeast Asia

Whereas the Associated Press reported on January 26, 1974:

"The American Committee to Free Journalists Held in Southeast Asia says it has new evidence that as many as 10 of the missing newsmen are being held in eastern Cambodia . . ."; and

Whereas the Associated Press report went on to state:

"The committee said 21 civilian noncombatant war correspondents and photographers are listed as missing in Cambodia. Seventeen of them disappeared between April and May, 1970, while covering the early stages of the Cambodian war . . ."; and

Whereas these missing newsmen, if they are in fact alive, are detained illegally and without any justification or purpose since they are noncombatants: Now, therefore, be it

Resolved, That it is hereby declared to be the sense of the Senate that the President of the United States shall make every possible diplomatic effort through the Department of State and other relevent agencies to (1) ascertain the truth of the present whereabouts or fate of United States newsmen missing in Southeast Asia, and (2) obtain the release of those still alive and an accounting of those who may be dead.

SEC. 2. The Secretary of the Senate shall transmit copies of this resolution to the President and the Secretary of State.

ACTIVITIES OF OVERSEAS PRIVATE INVESTMENT CORPORATION

The Senate resumed the consideration of the bill (S. 2957) relating to the activities of the Overseas Private Investment Corporation.

Mr. BUCKLEY. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time for the quorum call be equally divided.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. 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. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. What is the situation with respect to time allotted on the bill?

The PRESIDING OFFICER. The Senator from Idaho has 40 minutes, and the Senator from New Jersey has 40 minutes.

Mr. JAVITS. Mr. President, I ask the Senator from New Jersey whether he will yield me 10 minutes on the bill.

Mr. CASE. Will the Senator please repeat his request?

Mr. JAVITS. As I understand it, 40 minutes remain to each side, and I am asking for 10 minutes on the bill.

Mr. CASE. The Senator certainly may have the time.

Mr. JAVITS. I thank the Senator.

Mr. President, this measure was debated very thoroughly yesterday, and the amendments will come along in due course, though I have not yet consulted with my colleagues who are on the same side that I am on respecting the order in which they would like to see these amendments called up. One or two things have emerged from my overnight study with which I would like to familiarize the Senate.

First, we have a report from the Subcommittee on Foreign Economic Policy of the other body, which heard this matter very completely—I testified before them, as did many others—certainly as completely, I believe, as was heard on this side. That subcommittee came to an exactly opposite conclusion. Whereas the decision of our subcommittee was, in effect, over a period of years to bring about a termination of the Agency, and with what I consider to be extremely restrictive provisions—quick death provisions, which is what I have protested against in the amendments I am going to propose. The subcommittee in the other body, under Representative CULVER, its chairman, provided for a 2-year continuance of the Agency and gave various guidelines for working out its problems within that period of time. This, it seems to me, is a much more constructive approach and would give every opportunity to terminate the Agency if the Congress did not approve of the way in which this reorganization took place.

But on the key items respecting what is contained in the Senate bill—that is, the participation of insurance companies in all the forms of insurance which are written, and in respect of the continuance of Yugoslavia and Romania as proper countries for guarantees by OPIC—the House subcommittee came to a diametrically opposite conclusion to the findings of the majority of the Committee on Foreign Relations.

Mr. President, I think that is important, because what was stated here as holy writ did not appeal to another group of legislators who also heard the matter.

The other thing that I think is important is the finding of fact in the other body that private investment is very desirable and that this is a very good way in which to foster it.

Indeed, one of the major recommendations made there was the fact that there should be a much greater outreach in looking for propositions in the developing countries and outside areas where there had been a concentration of guarantees, in order to be able to put up propositions that we backed, coupled with an OPIC guarantee, on the ground that this was the best way to deal with foreign aid problems, so far as we were concerned. I think this is very illuminating, because it strikes exactly the right note in my judgment. It should be an important factor because of what we do here.

Assuming the House deals with the matter and recommends, as I hope very much it will, a conference between the two Houses, there will be a conference. As we all know, the closer it is possible to aline the viewpoint of each House in a given approach to a proposition, the more likely it is that some positive result will occur.

One other thing that is important, and was mentioned in the debate yesterday, is that in 1969 OPIC was organized as an amendment to the Foreign Aid Act to carry on the program which had been the responsibility of the AID organization itself, under an investment guarantee. As I mentioned yesterday, in 1949, along with Representative Vorys, of Ohio, I was the author of this proposal myself. The various reforms were incidental, such as high premium rates, corporate management, and great solicitude for these questions.

Two every important aspects of the matter were encouraged in a kind of unforeseen situation which would have had a tendency to take away rather than to add jobs in the United States. We at that time understood that OPIC was to have 5 years in which to work out and develop its situation. It took about 2 years to get OPIC organized, because there was still a tremendous hassle about who would run it. I was very much in the middle of that, because there seemed to be insistence on the part of the White House to have somebody run it who, in my judgment and that of many others, would perhaps not give it a chance. We finally did get a very able man to run it, chosen by the White House, not by me. We finally landed the right fellow, and he remained on the job until the last few months.

But 2 years were taken in that total demonstration period of 5 years. So I think the original idea which they came in with to extend the act for 2 years was right, in order to give a full 5-year term for this corporation to demonstrate its capability and its relevance to the foreign policy objectives of the United States.

In the course of the hearings before the subcommittee headed by the Senator from Idaho (Mr. CHURCH), of which the Senator from New Jersey (Mr. CASE) is the ranking minority member, OPIC has been given a much longer term—6 years. But it has been so hedged in, in the way of operations, that this 6 years is much worse than a straight 2-year extension. Really, in this body, it is impossible to go against the grain and simply to adopt a provision of 2 years as a substitute. After consultation with the officials of OPIC, we decided to go on and at least give them a reasonably fair opportunity to utilize this time in which to demonstrate conclusively to Congress its ability to handle the job which Congress entrusted to it.

If we fail to adopt the amendment which I shall be proposing, authorizing Yugoslavia and Romania, it will affect the desirability of encouraging American business to be attracted into these East European nations.

As to the other two amendments, if we do not adopt them, we shall really be hobbling this operation and preventing OPIC from succeeding. We cannot negotiate with insurers with that sort of dominance hanging over them.

In the first place, it drains confidence from them——

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. JAVITS. May I have 2 additional minutes?

Mr. CASE. Will the Senator be able to finish in that time?

Mr. JAVITS. Oh, yes.

Mr. CASE. Very well. I yield 2 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator may proceed.

Mr. JAVITS. Mr. President, in the first place, it drains confidence from the people with whom OPIC would be doing business in the insurance field. It also drains confidence from those who would get the OPIC guarantee because in the final analysis, aside from its reserves, it depends on its standing, its prestige, and ability to move about, as a private insurance company in the market, in order to deal with its business and meet its obligations and responsibilities.

We would show our lack of confidence in the OPIC operation by this quick death provision at the end of the first year, because on January 1, 1975, OPIC would be under mandate to get out of an important element of its business unless it begins to get 25-percent participation by insurers, and there is no assurance of that whatever. So I submit the only way we can carry out the original design upon which OPIC was based, as brought out by the House subcommittee, is to adopt the amendments which I shall propose.

Mr. President, I yield the floor.

Mr. CASE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 28 minutes remaining.

Mr. CASE. Only 28 minutes remaining—on the bill.

Is there an amendment pending?

The PRESIDING OFFICER. There is no amendment pending.

Mr. AIKEN. Will the Senator yield? I plan to use about 4 minutes on the amendment.

Mr. CASE. Fine. If the Senator will give us back the time, I am glad to give it to him now.

Mr. JAVITS. Mr. President, if the Senator will yield at that point, I hope that the Senator from New Jersey will bear in mind that yesterday I agreed to the unanimous-consent request with the understanding that the hour which the Senator from New Jersey reserved would be with reasonable accommodation available to the opponents, to wit, to me, and those associated with me. I hope very much the Senator bears that in mind.

Mr. CASE. The Senator bears this in mind: that he was opposed to the bill and—having made his comment will the Senator please listen to mine?

Mr. JAVITS. I will.

Mr. CASE. The Senator from New Jersey wants time on the bill for his position on the bill which is diametrically opposed to the Senator from New York.

Mr. JAVITS. I thank the Senator.

Mr. CASE. I think it is a fair comment.

Mr. JAVITS. I think it is. I regret the Senator was not here yesterday.

Mr. CASE. I could not imagine that anyone would take time away from the Senator from New Jersey in his absence.

Mr. AIKEN. I will wait until the Senator from New York offers one of his amendments which I strongly favor before asking for time.

Mr. CASE. Excellent.

The PRESIDING OFFICER. No amendment has been offered at this time.

Mr. CHURCH. I yield to the distinguished Senator from Vermont such time as he may require.

Mr. AIKEN. I thank the Senator.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. AIKEN. Mr. President, I wish to speak briefly on one of the amendments which I understand the Senator from New York will offer. This amendment seeks to correct what I consider to be a slap at two countries, Romania and Yugoslavia.

Just 2 years ago OPIC was given the authority by Congress to write insurance for projects in Yugoslavia and Romania. To single out these two countries for a cutoff of insurance would be a diplomatic affront to their governments and might damage the cordial relationship our Government shares with them.

Both countries allow foreign equity investment. The OPIC insurance does not guarantee contractual compliance by the Governments of Yugoslavia and Romania. Rather, in these two countries OPIC insures against exactly the same risks as it does elsewhere in the world.

Mr. JAVITS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. AIKEN. Mr. President, to bar these countries from coverage is to perpetuate the myth of a monolithic Communist bloc. These countries are largely independent of Russia and their economic systems vary greatly from those of the Soviet Union and China. Both countries have passed laws allowing for foreign equity investment and there does not appear to be any greater danger of expropriation of U.S. investment in Yugoslavia or Romania than there is in other countries, some of which lean in the opposite political direction.

The amendment which the Senator from New York proposes to offer will not affect the goal of S. 2957, which is to remove the U.S. Government from its role of direct insurer. Rather, this amendment is in accord with the spirit of the legislation—as I understand it—which is to remove political considerations from the decisionmaking process regarding the issuance of OPIC insurance.

Mr. President, I might say a word regarding these two countries of Yugoslavia and Romania. Yugoslavia, in the days when the genuine Communist forces were coming down from the north and threatening to take everything between Moscow and the Mediterranean, stood there and said: "We are not going to permit it. If you want to fight, we will fight." That was probably the reason Greece was saved from a fate which befell some of the other countries in that part of the world.

As to Romania, that is the only Eastern European country that has kept a relationship with Israel all these years, against the desires of many of the neighboring states, particularly the larger ones. Even today Romania does not require payment for visas for Americans who want to visit that country.

I might add a word regarding Yugoslavia. Twenty-two or 23 years ago they had a crop failure. The United States sent food and grain to them and the government distributed it among the people who were hungry. To every one of them the Government gave a note saying, "This grain is contributed by the United States." Not all the other countries we have helped have been that generous.

In addition, I have seen Yugoslavia stand up in the United Nations and directly oppose the U.S.S.R. on things we considered important.

I am not speaking with reference to the other amendments the Senator from New York proposes to offer, matters in which I do not feel qualified in the field of insurance and banking, but do when it comes to eliminating a section of the bill which could not help but be offensive to Romania and Yugoslavia, two countries that I consider friendly to the United States, I think we should adopt that amendment. I would go further than that and I would grant most-favored-nation status to Romania. Yugoslavia already has the most-favored-nation status, along with Poland. I think Romania is also entitled to that consideration.

Mr. JAVITS. Mr. President, if the Senator will yield, I thank the Senator for his comments. In deference to my senior colleague I intend very soon to call up the amendment.

Mr. AIKEN. I thank the Senator. I intend to support the amendment.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CHURCH. Mr. President, I have listened with sympathetic interest to the argument that has been presented here by the Senator from Vermont.

Certainly, it was not the intention of the Foreign Relations Committee to take a slap at either Yugoslavia or Romania by eliminating these two countries from the scope of the OPIC programs. The reason had nothing whatever to do with any negative view with regard to either country, but the decision was taken in recognition of the fact that these are Communist countries; that private ownership of property is not possible in either country without some special arrangement for a joint enterprise with the Governments themselves.

The whole purpose of the foreign governments insurance program administered by OPIC is to make the property holdings of the American companies secure against expropriation, against the hazards of war or insurrection, or against the inconvertibility of the currency of the foreign country involved. It is exceedingly difficult to apply these objectives in a Communist country where no American firms can totally own the facilities in which they invest.

We should be clear as to what we are doing if we continue to include Yugoslavia and Romania under this program. In effect, we are saying that the full faith and credit of the U.S. Treasury should be placed behind insurance policies that in effect guarantee contractual obligations assumed by two Communist governments.

Mr. President, do we really want to do that? I, myself, am not opposed in principle to joint business ventures involving large multinational corporations and Communist governments, but if an American corporation wants to assume the risk of such a joint venture, I think it ought to be up to the corporation and its stockholders. I do not think it ought to be the burden of the taxpayers of the United States.

If a large company, doing business on a global scale, wants to enter into a joint venture with the Government of Romania under arrangements that are satisfactory to the company, then why should the company itself not assume the risk of that business undertaking? Its purpose is to make profit for itself, and if it chooses to enter into an arrangement with a Communist government for that purpose, then let the company assume the risk in the event that the Communist government later reneges on the deal. Why should the U.S. Government, through the OPIC insurance program, shift the ultimate risk off the shoulders of the company to the shoulders of the American people as a whole? I personally cannot justify writing Government insurance in cases of this kind.

I respect the views of the senior Senator from Vermont, and want to emphasize that the decision taken by the committee was not based upon any desire to indict or attack the Governments of Yugoslavia or Romania.

Certainly, the committee's decision was not intended as a reprisal against the two Governments, but, rather, in recognition of the fact that a Communist system exists in Yugoslavia and in Romania that does not permit private industry to invest there in the way it is possible to invest elsewhere; more importantly, if private industry wants to enter into joint ventures with these Communist governments, it ought to be willing to assume the risk, and not pass it on to the Government.

I think these are sound reasons. I am certain that if the American people were allowed to take a vote on it, there would be no doubt as to the outcome of the vote on the amendment that will be offered by the Senator from New York. I just express hope that the Senate would reflect the wish of the American people as a whole and reject the amendment.

Mr. CASE. Mr. President, on my own time, I would like to ask a question of the Senator from New York in respect to the amendment he intends to offer with regard to Romania and Yugoslavia.

Nothing in his intended amendment would affect existing controls under other laws in regard to strategic materials, information, and matters of that sort; is that correct?

Mr. JAVITS. The Senator is entirely correct. The amendment would not af-

fect anything but OPIC's authority to grant a guarantee, if it wished to, but the transaction itself would be subject to substantive law, including export control or whatever other law was applicable to that particular transaction.

Mr. CASE. I thank my colleague.

Mr. JAVITS. I thank my friend.

Mr. President, may I be recognized?

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, I would like to consult, if I might, with the manager of the bill as to a very practical situation which we have at this moment.

The PRESIDING OFFICER. On whose time is the Senator speaking?

Mr. CASE. Mr. President, I yield the Senator 1 minute.

Mr. JAVITS. I notice the manager of the bill is absent, but a very practical situation exists. I am prepared to present my amendments, beginning with amendment No. 972, which I would call up. Our immediate problem is that the Republicans are engaged in a meeting right now, and hope that meeting would not be interrupted, and I would hope so, too, but that must yield to the exigencies of the matter.

As there is further time remaining with respect to the vote on the bill, I would like to ask unanimous consent that we may have a quorum call so that we may unscramble these matters, without time being charged to either side.

Mr. CASE. Mr. President, speaking for myself, and I think I may speak for the manager of the bill, there is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

RECESS TO 1:30—REVISION OF UNANIMOUS-CONSENT AGREEMENT

Mr. JAVITS. Mr. President, I wish to propose a procedural unanimous-consent request. I ask unanimous consent that the Senate stand in recess until 1:30; that I may lay before the Senate amendment No. 972 for consideration, but that the consideration of that amendment begin at 1:30, and that the time allotted to that amendment may be reduced from the 2 hours stipulated in the unanimous-consent agreement to 1 hour, the time to be divided as specified in the unanimous-consent agreement, without any changes in the unanimous-consent agreement.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. SYMINGTON. Mr. President, reserving the right to object, would the able Senator state what his amendment is?

Mr. JAVITS. Mr. President, amendment No. 972 is the amendment that would strike out Romania and Yugoslavia.

Mr. SYMINGTON. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 13, strike out line 24.

RECESS

The PRESIDING OFFICER. Without objection, the Senate will stand in recess until 1:30 p.m.

At 12:50 p.m., the Senate took a recess until 1:30 p.m.; whereupon, it was called to order by the Presiding Officer (Mr. HATHAWAY).

Mr. ERVIN. Mr. President, I suggest the absence of a quorum, and make the unanimous-consent request that the time for the quorum call not be charged against either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

ACTIVITIES OF OVERSEAS PRIVATE INVESTMENT CORPORATION

The Senate continued with the consideration of the bill (S. 2957) relating to the activities of the Overseas Private Investment Corporation.

Mr. CHURCH. Mr. President, last week I circulated a letter to Members of the Senate informing them of the purpose of the bill. I ask unanimous consent that that letter be printed in the RECORD.

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

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., February 19, 1974.

The HONORABLE U.S. SENATE,
Washington, D.C.

DEAR COLLEAGUE: Following extensive hearings by its Subcommittee on Multinational Corporations, the Foreign Relations Committee approved the enclosed bill which substantially modifies the Overseas Private Investment Corporation (OPIC). The main function of OPIC is to directly insure private corporations against three types of political risks in lesser developed countries. If an insured investment in a foreign land is lost or damaged by war, expropriation or inconvertibility of currency, OPIC reimburses the parent United States company.

Approximately *eighty percent* of the insurance issued by OPIC is to corporations on the Fortune Magazine list of the largest 500 corporations and the 50 largest banks—companies which can easily self-insure. OPIC has provided these giant corporations with *subsidized* insurance. Over half of the current OPIC reserves consists of money the Congress has appropriated in the last four years—over *$106,000,000 since 1970.*

As alarming as the size of these appropriations is, even more alarming is the precarious financial position in which OPIC finds itself today. Claims against OPIC *exceed* its reserves by *over $227 million.* There are strong indications that there may be further expropriations in countries where OPIC has over $500 million of insurance. The *full faith and credit clause* which covers all OPIC insurance means that currently *three and one-half billion dollars* of the United States taxpayers' money is at risk in OPIC.

A majority of the Foreign Relations Committee believes that it is time to call a halt to the OPIC program, as presently administered.

* * * * *

A majority of the Foreign Relations Committee believes that it is time to call a halt to the OPIC program, as presently administered.

The bill approved by the Committee provides for a phasing out of OPIC's direct writing of insurance (over a five year period). At the end of that time, OPIC would become solely a reinsurer in case of global loss. The bill directs OPIC to work with private insurance companies to allow them to take over the role of writing political risk insurance on a *non-subsidized free market* basis, which the testimony showed the private sector to be willing and able to do.

The minority report to OPIC states the intention of some of our colleagues to introduce amendments to this bill. These amendments would have the effect of making the private insurance companies merely salesmen for OPIC without really reducing the risk of tremendous financial loss to the United States Treasury.

Since experience shows how difficult it is to end a government program, once begun, it is hoped that you will accept the Committee's recommendations that the bill be approved without amendment.

Sincerely,

FRANK CHURCH,
Chairman, Subcommittee on Multinational Corporations.

Mr. JAVITS. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, the first of the three amendments that I shall call up relates to the question of whether or not we should allow OPIC to insure investments in Yugoslavia and Romania.

Mr. President, the provision of the committee bill which I seek to strike out would terminate OPIC authority to offer insurance and financial programs to U.S. investors in those two countries.

Until 1972, just 2 years ago, OPIC was barred from operating its programs in Yugoslavia and Romania because of a provision of the Foreign Assistance Act of 1961, which prohibits the furnishing of "assistance" to any Communist country. Although it may be debatable whether OPIC's programs are the type of "assistance" which should be barred by that provision, OPIC's predecessor had given a broad reading to that term and OPIC has followed this practice.

In considering the Foreign Assistance Act of 1971, the Senate Foreign Relations Committee adopted an amendment which would have removed this and other barriers to the operation of OPIC's programs in less developed countries which are prohibited from receiving normal government-to-government assistance, if the President made a determination that it was in the national interest for OPIC to operate in one or more of such countries. The Senate accepted this amendment, and it was approved by the House-Senate conference committee, but limited to Yugoslavia and Romania.

On the basis of the authority granted by the Congress, the President, on March 16, 1972, made a determination that it was in the national interest for OPIC to

operate its programs in Yugoslavia and Romania, and OPIC and the State Department began negotiations with those two countries for the normal bilateral agreement for the institution of OPIC's programs.

A full-scale bilateral was signed by Yugoslavia on January 18, 1973, and by Romania on April 28, 1973, and OPIC thereafter began offering its insurance and finance services to U.S. companies who might be interested in expanding their business investments into those two countries.

Mr. President, let me point out that there is nothing under this law that guarantees any investments. It makes it if it chooses to and if the investor agrees to the terms and conditions stipulated in that agreement, that is if OPIC agrees to the soundness of the venture and its viability, and that there is a good legal guarantee that it will not be revoked. The assumption is that it will expand. I know that it is not necessary for most investments, only for some. And the facts and the figures show that 25 percent of the aggregate made by any investments, the United States established in the two countries.

Second, the investment has to measure up. Otherwise, they will not give the insurance. And that is as true in Yugoslavia and in Romania as in any other investment.

Yugoslavia first began allowing foreign equity investments in 1967, in order to further its economic development independent from the Soviet bloc, and by 1973 had attracted investments by some 70 foreign firms. Only four U.S. companies, however, had made investments there, and this was of considerable concern to both Governments, particularly in view of the independent position Yugoslavia was attempting to maintain and the importance in this respect of its decisions to decentralize economic controls from the state to individual businesses and to allow foreign equity investments.

Acting in reliance on the congressional initiative in the OPIC amendment of 1972, U.S. companies are now negotiating or have completed more than 25 joint ventures with Yugoslav firms, and 21 of these companies have applied for OPIC insurance.

Although Romania does not have a domestic market economy, such as exists in Yugoslavia, it has, since October 1972, permitted foreign firms to establish joint companies with Romanian enterprises, and these joint companies are operated as profitmaking firms and guaranteed by Romanian law against interference from the state.

Since its foreign investment laws are more recent than those of Yugoslavia, the number of foreign equity investments in Romania is still below 10. Several U.S. companies are, however, negotiating the formation of joint companies in Romania, and three of these firms have applied for OPIC insurance.

Despite the success thus far in achieving what the Foreign Relations Committee said in 1972 was a "desirable goal," the committee has now reversed itself and proposed the termination of OPIC's authority to operate in Yugoslavia and Romania.

According to the majority report, this reversal is based on the dual assumptions that neither Yugoslavia nor Romania is a less developed country, and that OPIC's insurance will guarantee against contractual defaults by the Governments of Yugoslavia and Romania.

Neither of these assumptions is valid. Statistics developed by the International Monetary Fund and the standards of the World Bank classify both countries as less developed.

It is also an incorrect assumption that OPIC would simply insure against contractual defaults by the Governments of Yugoslavia and Romania. Both countries allow equity investments by foreigners in what are essentially autonomous business firms. OPIC's insurance would operate in these countries as it does elsewhere, that is, to protect U.S. investors, for a fee, against those political risks—inconvertibility of local currency, expropriation and war damage—which are outside the scope of normal business risks.

Mr. President, I submit, and this is based upon naturally the information supplied by OPIC, that neither of these assumptions is valid. According to the statistics developed by the IMF and according to the standards of the World Bank, both countries are less developed countries. So, it is an incorrect assumption that OPIC would simply insure against default by the Government.

Both countries, as I have just explained, allow equity investment by a foreign country. They are essentially all Communist business firms. OPIC insurance would operate in these countries as it does elsewhere.

In short, the majority report recommends that the Congress overturn what it enacted just 2 years ago, and support the recommendation with inaccurate information and without the benefit of testimony. I see no reason to go along with this. For the Senate to do so now would be interpreted by these countries as a sharp reversal of U.S. policy toward economic cooperation with them for totally incredible reasons.

The grounds are stronger now for authorizing OPIC to operate in Yugoslavia and Romania than they were in 1972. Considerable progress has been made in East-West economic relations, and this provision would be a serious blow to two independent East European countries that are seeking to develop their economies by increased contacts with the West. The 20 or so companies that have negotiated investments in reliance on the availability of OPIC insurance would have a justified grievance against the Congress for reversing itself in only 2 years, and should be protected against retroactive application of the bill, if it should pass.

One final word with respect to this amendment. There may be some who feel that Romania should be denied the benefits of OPIC's programs because of its emigration policies. I note in this regard that the trade bill contains a provision which would have that effect, if the facts concerning Romanian emigration policies justify its application. It is in that bill that this question should be answered, not here. In fact, to abolish OPIC's authority to operate in Romania in this bill would remove some of the incentive for Romania to meet the conditions of the trade bill.

One final word. There may be some who feel that Romania should be denied the benefit of OPIC. It still has a rather Communist-oriented economy. However, I do not believe, Mr. President, under the circumstances since it is trying to free itself of the provisions which have been made by Romanian law respecting private enterprise, that this is a valid objection.

For all of those reasons, Mr. President, I believe that this amendment should be approved, and that the effort to eliminate Yugoslavia and Romania from the operation of OPIC should be prevented.

Mr. President, just one other point which does appeal to me as a very strong point: There is nothing that this would do, really, except to deny something which could be useful to our country in relations with these two countries which are straining away from strict Communist orthodoxy. This, I think, is very much to our interest and to the interest of the people of the world.

If the President does not like the way they are operating, he can take away the OPIC guarantee, as well as do lots of other things which would indicate our Nation's displeasure. But I think it very unwise for Congress, in this rather left-handed way, to indicate its displeasure with those countries, which would be stunned by it.

Therefore, I hope very much that the Senate will approve this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. CHURCH. Mr. President, how much time remains to either side?

The PRESIDING OFFICER. The Senator from Idaho has 24 minutes. The Senator from New York has 12 minutes.

Mr. CHURCH. Mr. President, I yield myself such time as I may require to respond to the argument of the Senator from New York.

Sometimes, Mr. President, it seems to me that Congress is deeply involved in some chapter out of "Alice in Wonderland." Those who believed strongly in the OPIC program argued, in the first instance, that the justification for the program was that it would create an incentive for the outflow of private capital from the United States into the underdeveloped countries of the third world. We have seen, in the course of our hearings, that such a premise is highly questionable. Witnesses appeared at the hearings to bear out that business investment goes where business and profit opportunities exist. The insurance tends to follow the investment, rather than the investment following the insurance.

Nevertheless, it was an article of faith on the part of those who believed in the OPIC program that if the U.S. Government would insure private investments of American corporations in foreign lands against expropriation, against the risks entailed in insurrection and war, or against decisions by local foreign governments that made it impossible to convert earnings from the foreign currency to the American dollars,

that would be a stimulus causing more of our private capital to flow out of the United States into foreign lands.

When the OPIC bill was first passed, the target countries were the developing countries in the Third World. The argument made, Mr. President, was that by stimulating private investment to flow into those "Third World" countries, we would add to the flow of foreign aid money from the public treasuries of the developed countries, that we would supplement this public money with private money, that we would contribute to the development of the economies of those countries in Africa, Asia, and South America, and that we would do so in such a way as to create a viable alternative in those lands to communism, to the radicalization of their politics leading toward solutions of an extreme leftist character.

In other words, Mr. President, this was to be a free enterprise program to promote the investment of American corporations in foreign countries, to build and strengthen the free enterprise system abroad.

Now, however, we are told, less than 2 years later, that we ought not to strike from the bill a provision that extends this insurance protection to Communist countries. What a strange reversal of the basic argument upon which the program was justified in the first place.

It is argued that because Yugoslavia and Romania have been good Communist countries, we ought to foster a closer economic relationship to those two countries. Mr. President, I am not a judge of which country is a good Communist country and which is a bad. I think that tends to change from time to time, depending upon the policies adopted by a given government and its attitude toward the United States.

When the committee made its decision to strike Yugoslavia and Romania from the coverage of this program, it did so without regard to any animosity toward either of those Governments, but rather out of a simple recognition that this program is incompatable with the Communist economic system.

The Senator from New York can argue that you do not have to strike a deal with a Communist government in order to invest in Yugoslavia or Romania, but I challenge that. I would like to see any American company enter into a business venture in either country without first working out the arrangements with the government concerned. Of course, that has to be done. There is no private property ownership in Romania. A joint business venture has to be a venture into which the American company enters with the Communist Government of Romania.

Now, if the American company wants to undertake such a venture, I do not think that American law should prohibit it. But is it not the essence of reasonableness to say that in such a case the American company ought to assume the risk? Why should the U.S. Government guarantee the performance of contracts by the Government of Romania, or, for that matter, the Government of Yugoslavia? Why should the American taxpayers bail out the American company involved, if those Governments fail in the performance of their contracts? Why should we put the full faith and credit of the U.S. Treasury behind the promises of either Government to fulfill their contractual obligations.

Mr. President, you can be sure that if this amendment prevails, it will be just the first step toward opening the door even wider. Next it will be Poland, then it will be Czechoslovakia, and finally it will be the Soviet Union itself.

Do we really want to establish a public policy in this country of using the Treasury of the United States to underwrite a contractural performance by Communist governments and to protect American corporations against the consequences of default by Communist governments?

Do we really want to transfer the whole risk of investment from the shoulders of the corporations involved onto the shoulders of the taxpayers of this country?

What a curious policy for the United States to adopt, one that can only benefit the big corporations, that could not possibly benefit the Government of this country or the American people as a whole.

Now, Mr. President, the distinguished Senator from New York (Mr. JAVITS) has said that no one is forcing American business to invest in Romania or Yugoslavia, that they will do so only if they find the arrangmeents satisfactory.

He treats this subject as though OPIC is a matter of little consequence in the decision made.

Well, I suggest, Mr. President that the real world is very different. As soon as Yugoslavia and Romania became eligible for OPIC insurance, a promotional effort was immediately launched by OPIC as the agency of the Federal Government and the Romanian Embassy as the agency for the Government at Bucharest. The purpose of that concerted action was to attract American private business investment into Romania under the protective umbrella of the federally subsidized insurance program.

I hold in my hand a press release dated April 30, 1973, issued by the OPIC agency. It reads as follows:

Business opportunities in Romania and the laws governing foreign investment in that country were the subject of a seminar held today at the offices of the Overseas Private Investment Corporation.

Top executives from more than forty U.S. corporations interested in the markets of Eastern Europe were greeted by Romanian Ambassador Corneliu Bogdan and Bradford Mills, president of OPIC, who hailed the occasion as "another positive step toward new and lasting relationships which will mean much to both our countries."

"We are opening a door to enable the U.S. investor to find new business opportunities which will lead to the exchange of goods and ideas between people of both our countries," Mr. Mills said. "Inevitably, this exchange will lead to closer ties and a mutually beneficial relationship."

Jointly sponsored by the Romanian Embassy here and OPIC, the meeting followed the April 28 signing of a bilateral agreement authorizing the U.S. Government corporation to insure and finance projects in Romania. The agreement, signed in Bucharest, is the second to be completed with an Eastern European country. Two months ago, a similar pact was signed with Yugoslavia.

Major points covered during the working seminar concerned joint ventures, accounting, tax regulations, labor practices and other subjects of general business interest. Questions were answered by a special team of experts under the direction of Napolean Fodor, Romanian Economic Officer.

At a luncheon held at the Romanian Embassy following the seminar, Ambassador Bogdan thanked OPIC for arranging to bring together potential U.S. private investors interested in Romania. He said, "we are endeavoring to create the best possible environment for joint ventures, based on mutual advantages for both our countries.

"A fundamental requirement for progress in a modern society is participation in the international exchange of goods and knowledge, and Romania is promoting a policy of international cooperation at all levels. Cooperation through joint ventures is a major new dimension of the policy, imperative for genuine, meaningful participation in international life.

"It is in this spirit that we welcome the agreement just signed by OPIC and the Romanian Ministry of Foreign Trade, and we trust that it will give a new impetus to businesslike, direct negotiation between American companies and Romanian enterprises to make those joint ventures an effective factor of the continuous expansion of Romanian-American relations."

Mr. President, is it not obvious that a concerted effort is underway to promote joint ventures by large American corporations with the Governments of Romania and Yugoslavia? It has the very purpose of opening the door to these two countries. It is just the beginning. Therefore, Mr. President, as one who believes in increasing trade with Communist countries, as one who has recognized the benefits that might flow from conferring the most-favored-nation status on countries behind the Iron Curtain, and as a person who has generally approved of the effort to achieve détente with the Soviet Union, I come to this question without a closed mind and certainly from a position that most would regard as highly moderate.

It has not been my role in the Senate to espouse the hard line, the anti-Communist position, with respect to the major objectives being sought by American foreign policy; nevertheless, as a moderate, I ask the Senate to consider what it is doing, if it undertakes to pledge the full faith and credit of the American Treasury to the faithful performance of the contractual obligations assumed by Communist governments.

I ask the Senate to consider what it is doing, if it would transfer all the risk of business ventures behind the Iron Curtain from the big corporations—to the American people who would have to stand the loss should any of the Communist governments default.

What kind of bargain is that?

How does it possibly serve the best interests either of the American Government or the American people?

No, Mr. President, the committee acted with its eyes open. It sought to close the gate before it opened any wider. We do so in the name of the very objective that was ostensibly to be served by OPIC when it was established in the first place; namely, to serve as an incentive to stimulate the growth of the free enterprise system elsewhere in the world.

That objective is in fundamental conflict with the extension of this program to either Yugoslavia or to Romania or,

for that matter, to any other Communist country.

Thus, I would hope that the Senate would support the committee in its effort to restrict the scope of this program to foreign countries where it is possible for private investment to take the form of equity ownership or where it is possible for the business concerns to own property and, thus, preserve the essence of the program as it was originally adopted.

If that is not possible either in Romania or in Yugoslavia, and since it could not be possible in any other Communist land, I hope that the amendment offered by the Senator from New York will be rejected.

Mr. PERCY. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield 5 minutes to the Senator from Illinois.

The PRESIDING OFFICER (Mr. BARTLETT). The Senator from Illinois is recognized for 5 minutes.

Mr. PERCY. Mr. President, I find myself in opposition to two of the proposed amendments of the distinguished Senator from New York (Mr. JAVITS), but I find that I can look with considerable favor on the present amendment. It is entirely a different kind of situation.

I actually had to recall the experience some years back, when I landed in Belgrade after being in a number of Communist countries and after constant frustration with the bureaucracy and the inability even to get transportation.

At the airport in Belgrade, I was met by a taxicab whose driver, as we drove to the hotel, asked me how long I intended to be in the country. He wanted to know whether he could come and pick me up at the hotel and take me back to the airport.

I said to him, "You sound like you own this taxicab. Is this not a Communist country?"

He said, "Well, I do own this taxicab. You do not think I would be asking to pick you up if I did not, do you?" There is a good deal of private enterprise in Yugoslavia. I think that is the difference between a totally Communist country, where everything is owned by the state, and countries which allow a certain amount of private enterprise.

As the President said last night in his press conference, we have some sharp differences of opinion with the Communist countries and the Soviet Union, but certainly when we find that they are coming toward an economic system that is far more compatible with our trading practices and patterns, we should do everything we possibly can to encourage that kind of participation, that kind of enterprise, that kind of ownership, rather than discourage it.

So I ask the distinguished Senator from New York, is the purpose of his amendment merely to add back this particular section of the original bill, which says:

> Except for the provisions of this title, no other provision of this or any other law shall be construed to prohibit the operation in Yugoslavia or Romania of the programs authorized by this title, if the President determines that the operation of such program in such country is important to the national interest.

Mr. JAVITS. That is correct. That is the only purpose of this amendment.

Mr. PERCY. So that the President, himself, determines that there must be a national interest for the United States of America, not for anyone else.

Second, does it in any way remove the qualification that the nation so favored with OPIC insurance coverage must also be a developing nation under the connotation of that term?

Mr. JAVITS. It does not. That is the way in which the World Bank has defined both Yugoslavia and Romania, according to its criteria.

Mr. PERCY. I ask this question of the distinguished Senator, from the standpoint of legislative history: What was the purpose of Congress in late 1971 when it passed the exceptions for Yugoslavia and Romania, and does this purpose still hold?

Mr. JAVITS. The purpose holds now more than ever, because East-West economic relations are in the balance right now; and we do not want to deal a blow to the two East European countries—Yugoslavia and Romania—that show some evidence of economic independence. Yugoslavia has long been a beacon in that regard. Romania is developing in that direction.

This is specific: It says Yugoslavia and Romania. To deal a blow to them at this moment seems to me most unpropitious.

Mr. PERCY. From the standpoint of risk, has the use of this particular provision for Romania and Yugoslavia been so extensive and so great—the number of applications and the number of contracts committed—that it actually would in any way incur too much risk for the United States?

Mr. JAVITS. I do not think so. We have one agreement in Yugoslavia with OPIC—20 are pending. We have none in Romania; 3 are pending. I think that rather than being undesirable, it is highly desirable. I wish there were more consummated agreements rather than just pending negotiations.

Mr. PERCY. In other words, it is a relatively insignificant proportion we are talking about. The risk is minimal. But as the world is moving, East and West, toward closer cooperation, we would really be taking two countries with whom we have worked more closely than certain other Communist countries—Romania's President has been here, and the President of the United States has been there—and this would be an unnecessary slap in the face and would really accomplish no good purpose.

It is for this reason that I concur with the distinguished Senator from New York in his amendment. I am favorably disposed toward it. It would be an excellent amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield the Senator 1 additional minute.

Mr. PERCY. It would strengthen the bill. This would be the wrong time to reverse the course of action we have had. It would accomplish nothing, and it could do some damage to the national interests of the United States.

Mr. JAVITS. I thank the Senator very much. I agree thoroughly that that would be the result. I hope that we will not engage in this kind of improvidence.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. Mr. President, to give Senator CHURCH an opportunity to return, I will yield myself 1 minute. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 6 minutes plus remaining.

Mr. JAVITS. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I think that the point which has just been made by Senator PERCY is very pertinent; and the point is, what are we doing? What provision of law are we really dealing with? We are dealing with a provision of law which today gives flexibility to the President; generally it is figured that the Executive can give very much faster action in foreign policy matters of this sort than we can here in the Congress through legislation.

What this provision would do would be to excise a section of the law which enables the President to extend the OPIC guarantee opportunity to Yugoslavia and Romania specifically. It says:

> Except for the provisions of this title, no other provision of this or any other law shall be construed to prohibit the operation in Yugoslavia or Romania of the programs authorized by this title . . .

To wit, OPIC. When we strike that out, we strike directly against those two countries by name.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself 1 additional minute.

I repeat what I said earlier, when fewer Members were in the Chamber. The President can take them out of the program tomorrow if he feels, and if we feel—we can do it by law—that their conduct is not such as to qualify them, and add that to the complete discretion in OPIC as to whether or not it will give guarantees.

I think that the whole thing falls of its own weight and that the Senate should approve this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. I do not know about Senator CHURCH. I would be prepared to vote, now that we have the yeas and nays.

Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, with the time to be charged equally to both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. 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. HUGH SCOTT. Mr. President, I urge the adoption of the amendments being offered by the distinguished Senator from New York, Senator JAVITS, to the Overseas Private Investment Corporation Amendments Act.

The minority views of the report of the Committee on Foreign Relations on the OPIC legislation, signed by the Senator from Alabama (Mr. SPARKMAN), the Senator from Wyoming (Mr. MCGEE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from New York (Mr. JAVITS), the Senator from Michigan (Mr. GRIFFIN), and myself, reflected the following findings:

First, the OPIC investment insurance program constitutes a significant incentive to corporate investment abroad.

Second, private investment promotes the economic development of low-income countries.

Third, the investment insurance program as administered by OPIC depoliticizes investment disputes and focuses attention on financial matters. The record of the OPIC program clearly indicates that OPIC helps to avoid government confrontations which often occur in noninsured cases.

Fourth, OPIC is in good financial condition.

Fifth, OPIC contributes significantly to the U.S. balance-of-payments.

Sixth, since March 1972, when OPIC adopted a new, stringent "runaway industry" policy, OPIC has protected the interests of U.S. labor.

Seventh, OPIC's authority to operate in Yugoslavia and Romania should be continued.

Eighth, OPIC's insurance saves the U.S. taxpayer money in the event of an uncompensated expropriation suffered by an American company.

Ninth, although it is highly desirable for OPIC to continue its efforts to involve private insurance companies in its program, S. 2957 is unnecessarily rigid and unworkable.

In particular, the "sudden death" penalty for not achieving the mandatory interim goal of 25 percent private participation by January 1975 is unnecessary. The goal is needlessly restrictive and undermines OPIC's negotiating posture with private insurance companies.

In addition, the section which establishes the level of reinsurance OPIC can provide the private companies is unacceptable. We must bear in mind that private participation in the OPIC program is voluntary. Congress cannot force private insurance companies to participate. Under the committee legislation, if private insurance companies do not participate as required, the OPIC program is automatically terminated for the coverages concerned.

For this reason, I strongly support the amendments being offered by the distinguished Senator from New York (Mr. JAVITS). These amendments will permit OPIC to achieve the objectives of the legislation, but in a reasonable way which allows OPIC to protect the interests of the U.S. Government as it develops private participation in its program.

In addition, I strongly support the continuation of OPIC's program in Yugoslavia and Romania. To cut the program off in these two countries only 2 years after the original authority was given does not make sense. It would destroy the important diplomatic and trade initiatives achieved by our Government with these countries. They have had serious problems with their socialist economic systems and they are looking to private enterprise for help. Furthermore both countries are increasingly leaning toward the West and I think we ought to do everything we can to encourage that tendency. I hope my colleagues will bear in mind that the implications of this vote on Yugoslavia and Romania go far beyond the OPIC program itself. Repeal of this authority would be taken as a significant change in the U.S. foreign policy toward these two countries. I therefore strongly urge the adoption of the amendment to retain this authority which is being offered by the ditsinguished Senator from Vermont (Mr. AIKEN).

Mr. THURMOND. Mr. President, I rise in support of the amendments to the Overseas Private Investment Corporation Amendments Act being offered by the distinguished Senator from New York (Senator JAVITS).

OPIC is an independent U.S. Government corporation formally established in January 1971 to stimulate American private investment in friendly developing countries. Its main function is to insure U.S. private investors going into less-developed countries against the risks of expropriation, currency inconvertibility and physical damage due to war, revolution, or insurrection. It is a rare Government agency that operates at a profit, with a staff no bigger than when it was organized.

OPIC has had sound business leadership and direction for its first 3 years. It has achieved a profit in its operations while rendering an important service to private investors.

S. 2957, as reported by the Foreign Relations Committee, provides that OPIC must become solely a reinsurer by 1979 for the risks of expropriation and inconvertibility and by 1980 for war risk insurance. Private insurance companies would be required to assume direct insurance liabilities and, by the deadlines, take over OPIC's direct underwriting function. Mandatory interim goals are set forth in an effort to force increasing private participation before the deadlines. If OPIC does not achieve the initial interim goals, the penalty is suspension of its issuing authority. In addition, the amount of losses which private insurers would be required to sustain before OPICs' reinsurance would be triggered is very substantial, far higher than we have required in other U.S. Government programs such as the flood insurance and riot insurance programs.

OPIC readily accepts the basic goal of the legislation of bringing in private insurance companies as much as possible, as quickly as possible. In fact, OPIC has been working successfuly toward this goal since it was formaly organized and has already achieved substantial private risk-sharing in its insurance program through Lloyd's of London.

The problem is that private insurance companies have publicly stated that key provisions in the legislation are unacceptable. If they are unacceptable, the private companies simply will not participate and the program will end. The amendments which are being offered, then, are designed to give OPIC a reasonable chance of achieving the basic goals of the legislation. We cannot, through legislation, force the private companies to participate. Rather, the legislation must be designed in such a way as to encourage participation by private insurance companies, who have indicated substantial interest in participating on an experimental basis.

I think there are strong reasons for supporting OPIC. First, it helps U.S. businessmen to compete in foreign markets, where their competitors have similar insurance at lower cost. In fact, the Japanese and German agencies like OPIC charge fees about one-third of OPIC's premiums. Second, OPIC enables U.S. companies to accept the high political risks of investing in mining projects, to obtain raw materials which are essential to our economy, such as bauxite, copper, and nickel. Third, OPIC operates on its own earnings. Last year, OPIC's net income was $32 million. OPIC has successfully managed this program since it took it over from AID. At the time of OPIC's formal organization, it had reserves of $85 million and claims of $400 million. Now, OPIC's reserves are $184 million and claims are about $26 million. OPIC has denied two large claims on contracts it inherited from AID, which are now in arbitration. Fourth, OPIC reviews each project in careful detail to assure that it will not be harmful to the U.S. balance of payments or to the interests of U.S. labor. OPIC denies its support to "runaway industry" projects. Fifth, this program reduces the need for government-to-government foreign aid.

In summary, I strongly believe that this is a program which should be continued. I therefore strongly support these amendments which will enable OPIC to achieve its goal of increasing private participation in this important program.

Mr. DOLE. Mr. President, I rise today in support of the amendments being offered by the Senator from New York, (Mr. JAVITS) to S. 2957, the Overseas Private Investment Corporation Amendments Act. I was an original cosponsor with Senator JAVITS of the 1969 amendment which created OPIC. Its function of enhancing the abilities of U.S. corporations to do business overseas was valid then, and its role in our country's foreign economy policy is even more important today. OPIC is an important element of this policy, because it helps U.S. businesses—including several from Kansas—compete in the less-developed-country markets where their competitors, particularly Japanese and German companies, have similar protection at one-third the cost.

By charging higher premiums and operating the program on principles of risk management, OPIC has been able to turn management of the program completely around from the way it was operated by AID in the 1960's. OPIC performs its functions in a manner which should serve as an example to many other Government programs. It operates entirely on its own earnings, and last year OPIC's net income exceeded $30 million. Over

the life of the program premiums paid by investors have exceeded administrative costs and claim payments by over $160 million not counting appropriations to its reserves. Thus the OPIC program has proven to be an outstanding investment for the American taxpayer.

While private investment generally contributes to development and is sought after by almost all developing countries, OPIC's project selectivity helps assure that insured projects assisted by OPIC have a better development impact than the overall average run of projects.

On the U.S. side, this project selectivity also assures that OPIC as presently managed screens out investments which would harm the U.S. economy or U.S. jobs. For example, OPIC denies insurance to "runaway industry" projects. The Comptroller General's report on OPIC concluded that "we believe that the more recent OPIC procedures, if properly implemented, should provide reasonable assurance that U.S. interests are protected."

Mr. President, the amendments offered by the Senator from New York will not relieve the pressure on OPIC to increase private sector participation in the program. There are other forces operating to keep the pressure on OPIC, including an internal OPIC management desire to see the U.S. private insurance companies assume greater liability sharing. These amendments to S. 2957 will permit OPIC to negotiate effectively with the private companies and reach agreement that is based on the market. Without these amendments OPIC's negotiating position will be compromised resulting in the sacrifice of public policy and financial interests.

I also want to express my strong support at this time for the amendment which will continue OPIC's authority to do business in Yugoslavia and Romania. The committee bill would repeal this authority, which was only given to OPIC in 1972. The repeal of this authority, only 2 years after it was enacted, would severely disrupt the successful trade and diplomatic initiatives achieved by our Government with these two countries. The repeal of this authority would be taken by both the Yugoslavians and the Romanians as a clear signal to them that our foreign policy has changed dramatically. The implications of the repeal of the authority go far beyond the OPIC program and into the realm of America's efforts to construct a stable and lasting structure for world peace Therefore, I strongly urge my colleagues to support the amendment being offered to preserve OPIC's authority to do business in these two countries.

Mr. JAVITS. Mr. President, I am prepared to yield back the remainder of my time on the amendment.

Mr. CHURCH. I yield back the time on the amendment on this side of the aisle.

Mr. JAVITS. I yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from New York. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Mississippi (Mr. STENNIS), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent because of death in the family.

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. PEARSON) is absent on official business.

I further announce that the Senator from New York (Mr. BUCKLEY) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

The result was announced—yeas 54, nays 37, as follows:

[No. 40 Leg.]

YEAS—54

Aiken	Gurney	Pell
Allen	Hartke	Percy
Baker	Hatfield	Randolph
Bartlett	Hathaway	Roth
Beall	Hruska	Schweiker
Bellmon	Hughes	Scott, Hugh
Bennett	Humphrey	Sparkman
Brock	Javits	Stafford
Brooke	McGee	Stevens
Cotton	McIntyre	Symington
Cranston	Metcalf	Taft
Curtis	Metzenbaum	Talmadge
Dole	Mondale	Thurmond
Domenici	Moss	Tower
Fannin	Muskie	Tunney
Fong	Nunn	Weicker
Gravel	Packwood	Williams
Griffin	Pastore	Young

NAYS—37

Abourezk	Cook	Kennedy
Bentsen	Dominick	Magnuson
Bible	Eagleton	Mansfield
Biden	Ervin	McClellan
Burdick	Goldwater	McClure
Byrd, Harry F., Jr.	Hansen	McGovern
	Hart	Montoya
Byrd, Robert C.	Haskell	Nelson
Cannon	Helms	Proxmire
Case	Hollings	Ribicoff
Chiles	Huddleston	Scott, William L.
Church	Jackson	
Clark	Johnston	Stevenson

NOT VOTING—9

Bayh	Fulbright	Mathias
Buckley	Inouye	Pearson
Eastland	Long	Stennis

So Mr. JAVITS' amendment (No. 972) was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TUNNEY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENTS NO. 970

Mr. JAVITS. Mr. President, I call up my amendments No. 970 and ask that they be stated.

The PRESIDING OFFICER. The amendments will be stated.

The assistant legislative clerk proceeded to read the amendments.

Amendments No. 970 are as follows:

On page 4, beginning with line 5, strike out everything through line 2 on page 5, and insert in lieu thereof the following:

"(4)(A) It is the intention of Congress that the Corporation achieve participation by private insurance companies, multilateral organizations or others in liabilities incurred in respect of the risks referred to in paragraphs (1) (A) and (B) of this subsection under contracts issued commencing January 1, 1975, of at least 25 per centum, and, under contracts issued commencing January 1, 1978, of at least 50 per centum. If for good reason it is not possible for the Corporation to achieve these objectives, the Corporation shall report to the Senate Foreign Relations Committee and the House Foreign Affairs Committee in detail, the reasons for its inability to achieve these objectives and the date by which they are to be achieved."

On page 5, change "(C)" to "(B)" on line 3.

On page 5, beginning with line 8, strike out everything through line 5 on page 6, and insert in lieu thereof the following:

"(5)(A) It is the intention of Congress that the Corporation achieve participation by private insurance companies, multilateral organizations or others in liabilities incurred in respect of the risks referred to in paragraph (1)(C) of this subsection under contracts issued commencing January 1, 1976, of at least 12½ per centum, and, under contracts issued commencing January 1, 1979, of at least 40 per centum. If for good reason it is not possible for the Corporation to achieve these objectives, the Corporation shall report to the Senate Foreign Relations Committee and the House Foreign Affairs Committee in detail the reasons for its inability to achieve these objectives, and the date by which they are to be achieved."

On page 6, change "(C)" to "(B)" on line 6, and change "limitations" to "objectives" on lines 11 and 20.

On page 9, strike out lines 3 through 11.

The PRESIDING OFFICER. Who yields time?

Mr. MANSFIELD. Mr. President, in the absence of the Senator from Idaho, I will take the liberty of yielding myself 2 minutes to suggest the absence of a quorum. I want to raise some questions about the Overseas Private Investment Corporation which, to me, seems to involve a concept that borders on socialism for the rich. I think that the facts ought to be laid out. Therefore, I yield myself that much time so that I can ask some questions of the manager of the bill.

The PRESIDING OFFICER. The clerk will call the roll.

The second legislative assistant proceeded to call the roll.

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

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

Mr. MANSFIELD. Mr. President, would the distinguished Senator from Idaho yield me 5 minutes?

Mr. CHURCH. Mr. President, I am happy to yield 5 minutes to the Senator from Montana.

Mr. MANSFIELD. Mr. President, could the Senator from Idaho tell the Senate what kind of corporations are involved in this measure and what their standing is in yearly designations put out by, let us say, Fortune magazine?

Mr. CHURCH. Mr. President, I would be happy to respond to that question. Approximately 80 percent of OPIC's insurance has been issued to corporations that will be found on Fortune's list of the 500 largest corporations in the country.

Mr. MANSFIELD. Are those corporations which could carry their own insurance on a private basis rather than have the Government subsidize them?

Mr. CHURCH. There is no question that most of these corporations are capa-

ble of self-insurance or, in the alternative, paying fees that would cover the risk on the basis of normal commercial rates. However, these corporations are being subsidized by the OPIC program.

Mr. MANSFIELD. Mr. President, OPIC took over the insurance program which used to be under the supervision of the AID program, is that correct?

Mr. CHURCH. The Senator is correct.

Mr. MANSFIELD. How much money has the Government put into OPIC to keep it functioning?

Mr. CHURCH. The Government has directly appropriated $106,250,000 since fiscal year 1970 to augment the reserves of the OPIC program.

This, of course, illustrates that the program is not self-sustaining as it is advertised to be. The premiums that have been collected have been insufficient.

Mr. MANSFIELD. Mr. President, how much have they paid out to participating countries and industries?

Mr. CHURCH. I will supply that figure as soon as it can be secured by the staff. However, I would say to the Senator that presently there is outstanding $369 million in claims against OPIC, and the total reserves are only $161 million. So, the claims now outstanding against OPIC exceed the reserves by more than $200 million. The committee concluded that the OPIC program is presently in default.

Mr. MANSFIELD. Could the Senator inform the Senate of the names of the companies whose claims are outstanding and whose claims, in toto, exceed by more than 3 to 1 the reserves OPIC has at the moment?

Mr. CHURCH. I shall furnish a complete list, but just offhand, the Anaconda Copper Co. is one of the larger claimants. ITT is another; the ITT alone has $100 million in outstanding claims against OPIC.

Mr. MANSFIELD. Is that the company which tried to interest the CIA in investing $1 million in a Chilean election some years ago?

Mr. CHURCH. Yes; that is the company that undertook to offer a million dollars to the CIA for the purpose of interfering with the constitutional processes in Chile, and preventing the congressional confirmation of Allende as President of Chile.

Mr. MANSFIELD. And that was admitted in testimony before the Committee on Foreign Relations?

Mr. CHURCH. Yes; it was admitted, and it was well established. It was established both on the basis of positive testimony given by the CIA and admissions on the part of the ITT executives.

Mr. MANSFIELD. I note that the Kaiser Aluminum Co. and the Reynolds Metals Co. likewise have claims against OPIC.

Mr. CHURCH. The big aluminum companies are presently insured for more than half a billion dollars by the Government, covering their investments in bauxite in Jamaica. The political situation there is becoming increasingly unstable, and it does not take much of a prophet to foresee the day when Congress will be asked to appropriate hundreds of millions of dollars to pay these companies, in the event that the Jamaican Government nationalizes the properties.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CHURCH. I yield 3 more minutes to the majority leader.

Mr. MANSFIELD. Is it not true that the vice president and the assistant to the chairman of the board, Mr. James J. Meenaghan, of the Firemen's Fund-American Insurance Companies, testified that the private insurance companies now meeting with OPIC could process a firm proposal for private insurance participation with OPIC in from 6 to 9 months?

Mr. CHURCH. Yes. And the committee has every reason to believe that the private insurance companies could form a consortium and take over this insurance business within a reasonable period of time, and then operate it on a fiscally sound basis. But they cannot do so as long as the Government insists upon subsidizing the program.

Mr. MANSFIELD. If the proposal before the Senate is passed today or tomorrow, what will be upcoming in the way of further appropriations for OPIC?

Mr. CHURCH. Well, this year OPIC is asking for an additional $25 million from Congress, and I could only assume, on the basis of its present precarious financial position, that Congress will be asked for additional appropriations in the following year.

Mr. MANSFIELD. What is the Government doing in this area when U.S. private enterprise in the insurance field can do the job more cheaply, more effectively, and without coming to Congress for appropriations or authority?

Mr. CHURCH. That is the very question that the committee raises. We feel that this bill would permit an orderly transition of this program out of the Government's hands and into the hands of private enterprise. We believe it belongs to private enterprise.

We are not taking the position that big American companies or anyone else, ought not to be insured against special risks that can be incurred abroad, but we do not see why that cannot be done by the private insurance community rather than by the Government, particularly when the Government has administered the program in a way that has required large and continuing public subsidies.

Mr. MANSFIELD. If the Senator will yield further, I would like him to reiterate again the number of companies involved and their rating financially in such publications as Fortune and other bibles of business and industry.

Mr. CHURCH. Mr. President, this program really can best be described as socialism for the rich. I suppose that is why it draws such strong support in this Chamber, 83 percent of OPIC's present coverage goes to 25 companies on Fortune's list of the 500 largest American corporations.

They are the biggest, the ones that least need a public subsidy, the ones that can best afford to insure themselves or pay adequate premiums to private insurance companies. Yet we continue to subsidize them at heavy cost to the American taxpayer.

All the Committee asks is that the Senate support a program that will affect the orderly transfer of this program from the Government to the private insurors over the next 6 years. I cannot imagine a more modest proposal, or one that would more clearly serve the interests of the American taxpayer.

Mr. MANSFIELD. And private insurance companies are ready, eager, able, and willing to take over this function at no cost to the Government of the United States?

Mr. CHURCH. All that they have asked is a clear signal from Congress that we are serious about their entering the field. This bill constitutes that signal. The bill not only sets up the machinery that will permit an orderly transition, but it clearly indicates that we expect private industry to take a substantial part in the beginning, and ultimately to take over all of the direct front line insurance.

There is no question in my mind that private industry is capable of doing this once they are certain that Congress intends for them to do so, and there would be no better way of making that clear than to pass this bill.

The PRESIDING OFFICER. The additional time of the Senator from Montana has expired.

Mr. MANSFIELD. With this type of legislation—the type of aid program which we now undertake to pass—it is no wonder that the country is going downhill, and that we are going broke at the same time. The Senator expressed it well when he said that this is socialism for the rich. These are truly the interests that can well afford to participate in what we cherish as a system of free enterprize and yet here we have to undermine that system by subsidizing them and undertake the payment of insurance where there is no justification for it under any fact whatsoever. This trend to establishing government assistance for wealthy and powerful business interests while neglecting the interests of the small and weak business enterprise must be reversed. What we are creating otherwise amounts to free enterprise for the poor and socialism for the rich.

I thank the Senator.

Mr. CHURCH. I thank the majority leader very much for his time.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. CHURCH. Yes. Mr. President, I yield myself such time as may be required from the time remaining to me for this colloquy.

Mr. HARRY F. BYRD, JR. Do I read accurately from page 28 of the report, where it shows OPIC's maximum potential contingent liability, netting out the Lloyds reinsurance coverage, to be $2.776 million? Do I correctly understand that to mean that it is the contingent liability of the U.S. Government?

Mr. CHURCH. I think that the question can best be answered in this fashion. In an effort to determine the present risk to which the Government is exposed by the program, the committee

has compared the claims now outstanding against OPIC with the reserves that OPIC has available to pay those claims.

Mr. HARRY F. BYRD, JR. Those reserves are very small.

Mr. CHURCH. The reserves amount to about $161 million. The claims presently outstanding against OPIC are $369 million.

The potentiality liability to the Government under this program is very much larger. OPIC's total exposure to risk is of the magnitude of $9 billion. But our analysis is based on comparing present claims to present reserves. We say that even on the basis of that restricted amount, OPIC is insolvent.

Mr. HARRY F. BYRD, JR. May I ask this question? The Senator mentioned the potential of $9 billion. Does that mean that the full faith and credit of the Federal Government is behind that $9 billion?

Mr. CHURCH. The full faith and credit of the United States is behind every insured policy issued by OPIC.

Mr. HARRY F. BYRD, JR. This is an open-ended proposition.

Mr. CHURCH. Yes. Obviously experience to date indicates that OPIC will be unable to look to its premiums to cover the losses which it is likely to have to pay and, therefore, will have to come to Congress for additional appropriations to meet its obligations under existing contracts.

Mr. HARRY F. BYRD, JR. If the claims already made against OPIC are substantiated, then several hundred millions of dollars are involved in that, over and above the reserves; do I correctly understand that?

Mr. CHURCH. The Senator is correct. I might point out that the reserves are not the accumulated premiums. Over one-half of the reserves consist of appropriated money.

Mr. HARRY F. BYRD, JR. And the claims are $369 million——

Mr. CHURCH. $369 million against $161 million in reserves. That is the current situation.

I would call to the Senator's attention the fact that there is a tremendous concentration of this insurance in certain countries where the risk of eventual expropriation must be regarded as very great.

I think in Jamaica, where political instability is growing, our Government has written $500 million of insurance to cover the losses for the big aluminum companies, in the event of nationalization. We have a tremendous concentration of insurance in Guyana. Already we have experienced the adverse impact of this program with the nationalization of the American copper company properties in Chile. So, looking down the road, the losses and the books now are just the beginning.

There are those who say that we need the program in order to assure ourselves of a secure supply of raw materials. Nonsense. The experience insuring raw material ventures has been disastrous, and OPIC policy is to refuse to insure American companies looking for sources of raw materials. That argument is out of date and no longer has any application to the reality of the program.

Mr. HARRY F. BYRD, JR. Business corporations are investing in these properties because they expect to make a profit.

Mr. CHURCH. That is correct.

Mr. HARRY F. BYRD, JR. The U.S. Government is not going to get any of that profit other than through the normal taxes that every individual and corporation has to pay.

Mr. CHURCH. The Senator is correct. We have tipped the scale in favor of investment abroad as against investment in our own land. As the Senator from Montana (Mr. MANSFIELD) just pointed out, no wonder we are in such trouble. If a major company invests abroad, it does not have to pay any tax to the United States on any profits earned abroad, unless and until it repatriates its profits, that is to say, it returns them to the United States.

So, as long as it keeps this money abroad, it pays no tax at all to the United States. Furthermore, if it pays any income taxes to foreign governments where those properties may be located, it can credit any taxes paid to the foreign governments directly against any taxes it would owe to the United States. So there are immense tax advantages we give our companies if they invest abroad instead of in the United States. Add to the tax advantages this insurance program which takes the whole of the risk of foreign investment off the backs of the companies that seek the profit and onto the backs of the American taxpayers through the full faith and credit clause in each of these insurance contracts, and I wonder how an executive of a major company could justify a large investment in this country if the company concerned had the option of investing in a foreign land instead.

He would have to say, "I do not think we could say to our board that we are justified in making an investment in the United States in view of the tremendous fiscal advantage that attaches if the investment is made in a foreign country."

That is public policy. I do not know why we have tilted it so much in favor of investment elsewhere, but I am not surprised that in the past few years over $100 billion in private capital has been exported abroad because, obviously, the advantages are so great—the inducement is to invest abroad, rather than to invest in this country. That is part of the general public policy of tilting the advantage to foreign investment as against domestic investment.

Mr. HARRY F. BYRD, JR. I am a strong advocate of the free enterprise system. But I think that the free enterprise system must work two ways. While business must be free to make a profit, business must also be free to take what losses may occur in trying to make that profit. I do not see why the taxpayers should be called upon to guarantee losses by business because of certain actions that might be taken by a foreign country.

I think the proposal that the Senator from Idaho has presented to the Senate is a big improvement over the legislation we now have. The point I am not quite clear on is whether it is an improvement over what the Senator from New Jersey (Mr. CASE) advocates; namely, defeat the proposal now before the Senate, and let the law expire at the end of this year. I am not quite clear on that point. Maybe the Senator from Idaho would address himself to that.

Mr. CHURCH. I can only say that I would not weep any crocodile tears if the Senate were to reach that judgment. I honor the position of the Senator from New Jersey, but I felt—and the majority on the committee felt—that in view of the fact the Government has maintained such a subsidized insurance program for big American corporations——

Mr. HARRY F. BYRD, JR. Not for very long——

Mr. CHURCH [continuing]. For about 25 years—actually, it was administered before by AID. OPIC took over the program from the AID agency.

Mr. HARRY F. BYRD, JR. But this is a program of more recent vintage—in 1970, I believe.

Mr. CHURCH. That is right. OPIC took over from AID in 1970. But the program was administered by AID for 20 years or more.

Since in the interim other foreign governments have imitated us and have established similar programs of their own, on the strength of the argument that they had to do so because we had to do so, but now it might put American business to an unfair disadvantage if we were suddenly to cut the program off and simply refuse to issue new insurance.

So, rather than take that abrupt action, we have proposed an orderly method of transition that would permit the Government to be phased out of the present program as a direct frontline insurer, and private insurance companies would come in and take over the program in an orderly manner.

Mr. HARRY F. BYRD, JR. The Government would be the reinsurer then.

Mr. CHURCH. The Government would become the reinsurer; yes. This is necessary, first, to provide the inducement to private companies to enter the field. It is a new field for private insurance companies. We felt that if we were to succeed in engaging in it, in weaning the Government away from the present program, it would be necessary for the Government to remain as reinsurer. In time, after the companies have had sufficient experience in the field, we believe it would be possible for the Government to withdraw even from the limited role of reinsurer. It was for the purpose of making the transition feasible that we left the Government in the temporary role of reinsurer.

I also say to the Senator that we think that once the private insurance industry is engaged in writing frontline insurance in this program, they will then police the program in such a way as to make it fiscally sound. Private insurance companies cannot afford to lose the kind of money that is being lost in OPIC. They cannot come to Congress for $25 million a year in subsidy. Therefore, they

will insist that the policies are written in such a way as to reasonably relate the risk assumed to the premium charged, and the subsidy will thus be taken out of the program even though the Federal Government remains in a reinsurer role.

Mr. HARRY F. BYRD, JR. That is certainly a distinct improvement over the situation that exists today, and I commend the Senator from Idaho.

Mr. CHURCH. I thank the Senator from Virginia for his comment. I concur with him in his conclusion that our effort here is really to restore to private enterprise an insurance program that ought to have been assumed by private enterprise interests. We think the bill will accomplish that objective in an orderly way.

Mr. JAVITS. Mr. President, one of the anomalies of this Chamber is that the people who ask the questions, to which they think they have answers, immediately leave and do not stay around to wait for the other side to give its point of view. In this case it is really sad, because Senator CHURCH has given a brilliant description of what he wishes the facts were, not what the facts are.

Let us go after them one by one. I am really sorry because I thought we had already gone over all this ground in great detail. But it seems to be necessary to go over it again. Members have pretty well decided what they are going to do, based on the facts they have. I do not know what they are going to do, any more than does Senator CHURCH. But when you get into such a maze of image making, it is necessary, in fairness to this agency and to what it is trying to accomplish, to put some things on the record.

I would like to know what we think in this country. The Supreme Court says that bigness per se is not a violation of the antitrust laws. It is not a crime. Some 17 million direct stockholders and approximately 80 million holders of life insurance policies and savings bank deposits and investment trust funds and pension and welfare funds live on all these big companies. They give the preponderant number of jobs in the country.

What are we talking about? This almost sounds like the robber barons of the 1880's, for whom we passed the antitrust laws. If we do not think our Government and our laws are effective enough to deal with that at this late stage in our history, then we have done a lot worse than we think, and I do not think we have done very well.

Be that as it may, aside from those general statements, which may or may not appeal to some people, I think the Senate ought to take a look at the facts.

Fact No. 1: This OPIC agency took over in 1969. Beginning in 1969, it was responsible for a very large amount of premium income—an average of $30 million a year out of premiums—and its reserves today, built up out of premiums, are $184 million, not $161 million. I have reiterated that figure time and again. It comes from OPIC, and it represents the figure as of January 1974, not the figure which is in the committee report, which is, as of June 30, 1973. It is an up-to-date figure. That is how rapidly their reserves grow, because they do get a very substantial premium.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. PASTORE. The Senator is quite right in saying that those who have been asking the questions, I suppose to suit their own philosophy in this matter, have left the Chamber. But I have been sitting here, and I have been listening very attentively to those who have asked the questions and those who have answered the questions. There are three very important allegations that have been made here that I think ought to be answered very specifically by the distinguished Senator from New York.

No. 1. The charge is made here that this is socialism for the big business of this country. I think that ought to be answered categorically, because I am very much concerned as to whether or not that is so.

No. 2. It is admitted that every industrialized nation of the world is doing this, but it has been alleged here that they are doing it only because they are copying us.

No. 3. I think this is the most important question of all, the $64 question. What does this mean to the American economy? Is it true that the private insurance companies are willing to underwrite this kind of insurance exactly as OPIC is doing?

Mr. JAVITS. I thank the Senator from Rhode Island. I respect him. Indeed, it goes beyond respect, as he knows, as we have served together for a long time. I shall answer his questions specifically.

First, as to socialism for big business, here are the facts. The facts are that the United States, since 1949, has been trying to substitute for elements of aid to the developing countries. That is all this is confined to—private investment which it considered to be desirable toward aid objectives. In pursuance of that, it has had a guarantee for private investment. It does not cover all private investment. It is estimated that it might cover as much as a quarter of the private investment in developing countries.

Question: If the U.S. Government guarantees against certain risks—not not business risks; there is no business risk insurance—but guarantees against governmental risk; guarantees against incontrovertibility and against expropriation and against war and insurrection. The United States should do that in order to encourage private investment abroad in which it considers it has a public interest because it helps the developing countries in a way which is the least expensive and the least onerous to us, it is not socialism for big business. It is conducive to our own foreign policy, and that is the way this thing has run for years and years.

The reason we put OPIC into business in 1969 is that we wanted a more efficient way to run it. As a matter of fact, it has proved to be more efficient. OPIC in that period of time has taken in about $30 million a year in premiums, and its actual payments on claims in that period of time, in round figures, has been $35 million. So on that trade off—in other words, roughly $130 million to $35 million—it certainly has done very well. No insurance company has, dollar for dollar, all the liabilities it incurs. Neither has OPIC.

OPIC has to operate with a given amount of capital and the capital was furnished by the U.S. Government in the sense of appropriations, but it is a very profitable business in which capital is invested—if we let it continue, with $30 million a year income for about $2 million a year in administration expenses for out-go.

It is claimed, and this is incomprehensible to me, that this is socialism because it gives a guarantee. My goodness, we give guarantees to maritime companies to build ships, and to banks to guarantee deposits, and have mortgage guarantees and very many more. It is really quite difficult for me to understand how at one and the same time a Senator can advocate the program and urge that it be continued and then make a speech which can lead to only one conclusion, that it should be terminated, not only on financial grounds but also on moral grounds. There must be something wrong with that argument.

The Senator from Rhode Island is on the Commerce Committee. We have spent a fortune trying to get export business. We have given them bank services and seminars, yet a very small percentage of American business is engaged in export. If we want overseas investment, we have to look to these massive companies. No one has found a better scheme.

So with all due respect I must dismiss the argument of socialism which implies some sort of handout.

In the business judgment of any Member, I wish to ask, is a large corporation going into foreign investment for the purpose of collecting the insurance? Does that make any sense? It seems to me that it falls of its own implausibility. Are they going to make investments in Romania or Yugoslavia for the insurance? They are going into it because they have made a business decision that it is a wise thing to do businesswise. Then, they come to the next step. Is it wise to do so so far as the government, or political system within whose confines they will be doing business? That is where this OPIC guarantee pushes them to an affirmative decision because it gives certain guarantees along those lines. We felt it was desirable for the last 25 years, and this committee thinks it is desirable today, notwithstanding all the argument.

So we are only arguing about how it should be done. The other arguments are irrelevant unless we are going to defeat the bill and I do not think the Senator from Idaho (Mr. CHURCH) brought the bill to the floor of the Senate thinking that it would be defeated, although he did say he would not weep crocodile tears if it did go by the board.

The next question was: Are the industrialized nations copying us? I do not know whether they are or not. They have organized corporations and we have organized corporations. All I know is they are not dismantling their corporations. And their premiums are lower than ours.

The third point made by my colleague

is: What does this mean to the interests of America? The fact is we are going downhill in foreign aid, 15 percent in terms of per capita income, or any other standard. Notwithstanding all of our troubles and everything one can say about America, we are still the richest nation on Earth. We do not want to be the rich man on a poor street, and this world is a poor street. We are in the Inter-American Bank, the International Monetary Fund, and so forth. We are trying to get out of the direct aid business, either in loans or grants and this is one of the great programs that helps us to do that. It is as direct and simple as that. It is an economical program. This is to the benefit of our country.

Mr. PASTORE. The last question is: Are the private insurance companies ready and willing to assume this kind of insurance?

Mr. JAVITS. My answer to that is flatly no. I absolutely part, with all the greatest respect in the world, from my friends who say they are.

In the first place, the worst way in which you can get private enterprise to participate as a partner is to mandate it. They are sure to run from that like the most scared hares on Earth. I have represented business. They would not know what else is going to be mandated. You have no power to mandate it, anyway, because they can come in or not.

Suppose we told the Firemen's Fund Insurance Co. what they must do. Forget it; they are gone; you cannot do it. In addition, you tie the hands of OPIC. Why should they negotiate with OPIC? They will just tell them what they want, or otherwise OPIC goes out of business.

Here is what the Firemen's Insurance Co. said in a public statement. It is found on page 66 of the report:

> On November 9, 1937, Fireman's Fund American Insurance Companies issued a public statement again indicating that private insurance companies "might be willing to participate in a trial program on a sound fiscal basis with federal government reinsurance backup, but not with the knowledge that direct government participation would end on a specified date several years hence."
>
> The statement continued:
>
> "The recommendations . . . which are extremely specific as to the schedules of industry percentages, precise reinsurance amounts, retentions, etc., will, in our opinion, not create the proper atmosphere or incentive for the solicitation of private participation."

Now, there is the public statement of the Firemen's Insurance Co. I ask Senators to read that statement and say they have agreed to participate, that they are dying to participate, that they just love it—that would be absolute nonsense.

The surest way to drive them away, would be the way this bill proposes.

The second point: This company has had the initiative to try it out. They made a deal with Lloyds of London to take up $400 million worth of reinsurance in one of the fields in which they operate. That is a very significant initiative. If you apply the principles of this bill to Lloyds they have to cancel out because it is not that kind of deal.

So, one, the Firemen's Insurance Co. has not said any such thing as claimed. The only insurance company with which they could make a deal would be out of business if this bill were agreed to.

What do we suggest? Let us remember what the committee did, notwithstanding these great arguments. This committee divided 9 to 7—really by a vote of 9 to 8, because the Senator from Alabama (Mr. SPARKMAN) said he was on our side in this controversy—in reporting the bill in the way in which is was reported out of the committee. So there are some good people on both sides, but it is by no means the open-and-shut argument that we are hearing talked about, that we are buttering up the rich.

It seems to me, therefore, we ought to do what we are trying to do with this amendment. In the first place, I think the best solution would have been a straight extension for a year or two. Then, if we did not like it, we could terminate it. But we did not go that route. My colleagues felt it was a footless road, considering the feeling of the Foreign Relations Committee, and that we had better adopt their way of doing it—to wit, a 6-year phaseout, giving it a business basis on which to work.

We say that, taking the same time limitations as the committee does, if by January 1, 1975, it begins to have a 75-percent participation of the insurance companies, they have to tell us why and how exactly they expect to get it and give us that in a detailed and special report. Then we can choose to put them out of business or whatever we want to do.

From the practical point of view, no business concern will do that, and corporations, as we all know, can be very effective. I have yet to see a business organization, organized by us under a law, defy us and say, "We do not care what you do; we are going to do it this way or that way." So we think this is adequate control, keeping tight rein on the proposition, giving it the new standards and criteria which are needed in this respect—the next amendment will have the reinsurance factor—and give them a chance to make the grade or phase into a public enterprise.

The bill reported by the committee itself contemplates a continuing reinsurance role by OPIC. It goes right on, and in a big guarantee. As a matter of fact, the committee raises our proposal by almost $5 billion. We are perfectly willing to continue with it the way the bill does, which goes to $7.5 billion, but they raise the reinsurance to $12 billion. Albeit their scheme is impractical, it raises the limit to $12 billion. So they are not contemplating ending the role of OPIC. It is going to have a continuing role. The question is, Will it have a chance to live or be cut off by the death sentence which I have described? And if it has a chance to live, can it live wisely and prudently? That is the whole purpose of this amendment and the next one.

Then I close on the question of their financial condition.

Mr. President, how much more time do we have?

The PRESIDING OFFICER. The Senator from New York has 32 minutes left.

Mr. JAVITS. Please let me know when I have used 2 more minutes, as I wish to yield to the Senator from Minnesota (Mr. HUMPHREY).

The actual figures are as follows: Since they started on June 30, 1969, their total premium income has been $189.2 million. They have earned interest on their premiums from January 1, 1970, to December 31, 1973, of $18.6 million, making a total of $207.8 million.

They have actually paid claims of $29.3 million. They have estimated administrative expenses in all this time of $17 million, making a total of $46 million.

So the excess of receipts over disbursements—and this is what the Senator from Idaho (Mr. CHURCH) was referring to—is $161 million.

That does not represent their reserves, but the excess of receipts over disbursements.

As to the claims which are against them, the fact is that the $120 million worth of claims which have been liquidated, in the sense that they have guaranteed Government obligations, I think essentially of Chile, which allowed settlement of a claim OPIC owes and a long-term payout over a long period of years, certainly does not represent any insolvency. There is no immediate claim on OPIC, and will not be for many years, and it will be well within their capacity, considering their premium increments.

Then there are two other claims: $154 million from Anaconda, again with respect to Chile, and $92.5 million from I.T. & T.

We hear it argued that the reason for OPIC, and one reason why OPIC ought to be dismantled, is that it butters up the big companies. I should like to ask Senators, when OPIC challenges the claims of Anaconda and I.T. & T. is that buttering up big companies, or is that letting them stand on their hind legs? I am glad OPIC challenges them. I think we have to take companies in both situations. There is no reason for assuming that OPIC is going to lose them because, it is said, OPIC is practically insolvent today.

By the way, this act was to start mandating private companies to go into business with OPIC by declaring that they are solvent. So I believe that the amendments which have been designed and architected by many colleagues and myself on the Committee on Foreign Relations, relating to this matter, are the right way to proceed. They are even better than the bill. I hope very much that the Senate will adopt this amendment.

Mr. President, I yield to the distinguished Senator from Minnesota such time as he may require.

Mr. HUMPHREY. Mr. President, I am particularly pleased to associate myself with the brilliant argument made by the distinguished Senator from New York (Mr. JAVITS). There are obviously arguments on both sides of this issue, otherwise we would not be on the floor of the Senate arguing as we are today.

As the Senator from New York has indicated, the committee has split almost down middle on the matter of the proposed legislation before us. But I want

to express my support for S. 2957, the Overseas Private Investment Corporation Amendments Act. I support the amendments being proposed by the distinguished Senator from New York.

The first one we have acted on already. It relates to Yugoslavia and Romania. I must say that the decision of the Senate to support the inclusion of OPIC operations with respect to Yugoslavia and Romania is very encouraging to me. Keep in mind that this body has already gone on record on several occasions to promote East-West trade. We have also gone on record to try to encourage what we call joint ventures in those countries which have different economic and social systems from ours. Therefore, the decision that was made here today with respect to the first amendment, to include Yugoslavia and Romania under the terms of the Overseas Private Investment Corporation Act, was, I think, wise. It follows the precedents and the actions that we have arrived at in the Senate relating to East-West commerce with other nations.

As the minority views of the Foreign Relations Committee report on OPIC has said, this legislation would not achieve the objective of increasing the participation of private insurers in the OPIC program. Rather, it would discourage private insurance companies from participating as required, thus insuring the early termination of the program rather than transforming it into an effective private enterprise. I believe the distinguished Senator from New York has presented persuasive arguments on this point; namely, that if we pass the bill as it is before us, we will not be bringing into the program more of the private insurance companies, but, rather, fewer.

If the bill passes without the amendment being offered by the distinguished Senator from New York, it will, for all practical purposes, in the near future kill the OPIC program. It will not assist OPIC in its efforts to develop more private participation.

I want to emphasize again that as the trend develops on the part of the Government to get out of the foreign aid program, it is very important that our private sector be encouraged and strengthened to move into the investment field in other parts of the world, especially in the developing countries.

Second. I challenge the basic assumption propounded by Senator CHURCH's subcommittee that investment by multinational corporations in developing countries is not in those nations' interest and that, therefore, the U.S. Government should not encourage such investment through an insurance system such as OPIC. I admit that some multinational corporations may have been guilty of abusing their economic power. In fact, that has happened. However, most economists would agree that foreign private investment does contribute significantly to economic development. I have never believed that because abuses have occurred in any system, the organization or system should be totally abolished. We should seek to remedy the defects which have permitted the abuse. I saw the administration attack the poverty program and cripple it in the name of correcting abuse. It is not necessary to eliminate a program in order to rid it of its problems.

I know that Senator CHURCH would claim that his approach will not abolish OPIC. But it is clear from extensive testimony that if the Senate adopts the committee bill, OPIC cannot survive.

Third. What does foreign private investment contribute to the development process?

I have talked about this repeatedly. I thought that it was a matter that was pretty well settled. However, apparently it is not. What are just a few of the things we receive?

It provides training in industrial skills for the host company. That is very vital.

It provides badly needed managerial expertise. One cannot run any of these industries that are assisted either by multinational assistance or bilateral aid unless he has management people who know how to operate the business.

It provides technical know-how in private investment.

It provides the scarce capital needed to develop natural resources.

It provides the most up-to-date technology.

It provides access to world markets.

What else does foreign private investment contribute to the development process?

It allows the development of foreign exchange reserves.

It allows national governments to earn revenues for their development programs through taxation of the industrial enterprise.

There are specific benefits that are ascertainable or measurable from private investment in a developing company.

Fourth. It is indeed ironic that as dissatisfaction with our bilateral foreign economic assistance program grows, the Multinational Corporation Subcommittee is trying to weaken or destroy this significant private effort to develop the resources of the world's poorest countries.

I know that the committee majority will dispute this. However, the fact is that without the insurance program there will be a weakening of the investment effort at the very time, may I say, that we need continued investment.

Fifth. It is clear that there are great risks for private investment in developing countries. Political and economic instability, threat of nationalization, civil war, and so forth. Corporations definitely need insurance against these risks if they are to invest. After all, these corporations are the product of investment for the benefit of American citizens. And the American investors in a public corporation would like to know that their investments have a reasonable protection. At the same time, it is the policy of our Government and it has been a policy for a long time to encourage overseas private investment, and particularly in developing countries. So, corporations definitely need insurance against these risks if they are to invest.

I believe that the approach contained in the legislation before us would mean that multinational corporations would be deprived of the necessary risk insurance—from the Government or private insurers—to enable them to invest in many of the developing countries.

I suppose it is possible that they would invest on their own. However, we ought to be looking to an expanded investment opportunity.

In fact, those corporations which would invest without the necessary insurance protection against drastic changes would be more likely to interfere in the political and economic affairs of a host nation than an insured corporation.

That is because that is the only protection this company would have. Otherwise they would become involved in politics to protect themselves by moving within the political sphere within the host country. Our corporations ought not to do that. However, that is one of the abuses that we see.

The OPIC system should encourage good corporate citizenship—that is, corporations which make their contributions to the development process, pay their taxes and do not interfere in a nation's internal affairs. They can do this, because they are insured against losses that might result from radical political and economic change.

Sixth. If the subcommittee's position prevails and the entire OPIC program is handled by the private sector—and it is, of course, highly unlikely that the private sector could handle this load—but if this happens—there is a good possibility that private insurance companies will write policies only in cases where the risk is minimal.

That is understandable. The private insurance company is going to be very, very careful what kind of insurance it writes. Therefore, where the investment is needed the most, the insurance will be available the least.

This would mean that multinational corporations would end up investing only in the more prosperous and stable developing countries. This would deprive investment benefits to the countries most in need of them.

Those are the reasons that I have noted for my support of the amendments being offered today by the distinguished Senator from New York (Mr. JAVITS). He has made his own argument and has made it more convincingly and brilliantly than I could ever do.

I do not think that the Senator from New York or I or any of the others who support these amendments would deny that the committee, particularly the subcommittee, has done some extraordinarily good work in reviewing this program and in pointing out some of its excesses and abuses.

My argument is that we ought to try to remedy those excesses and abuses and not design any kind of program that would ultimately challenge the believability and the survival of the Overseas Private Investment Corporation Act.

I think that is exactly what the committee bill would do. I have heard no evidence that indicates, for example, that the private investment corporation could or would take this over. We hear assertions that they would. However, we do not have the evidence. Yet there is a

considerable amount of evidence that the program, as presently constituted, even with its weaknesses and the limitations has served the national interest and has served it well.

I think that the Senator from New York has pointed out that even with the losses contemplated, those losses as they relate to the amount of investment, particularly when that investment goes to countries where there would have been no investment or no appreciable amount without OPIC, are minimal.

So I join the Senator from New York in his amendment and urge the Senate to act upon it favorably.

I thank the Senator from New York for the time he has yielded to me.

Mr. JAVITS. Mr. President, I yield myself 1 minute, just to say that I appreciate very much the views of the Senator from Minnesota. Senator HUMPHREY has had vast experience in Government, and indeed in the Presidency as an office, and his opinion, in my judgment, is a very, very important one. Therefore, I am deeply pleased that he has joined in the position which a group of us, including myself, have taken in the Committee on Foreign Relations.

Mr. President, I am prepared to yield back my time, as I understand Senators would like to vote now.

Mr. CHURCH. Mr. President, I shall be prepared to yield back the remainder of my time shortly. However, I would like to make a concluding argument against the pending amendment.

Mr. President, there should be no illusion that the investment guarantee program is self-sustaining, or as presently administered, that it can be financed out of current premium income. Rather, it is a program heavily subsidized by direct appropriations of tax money. The fundamental issue is whether we wish to continue public subsidy to private investment abroad, particularly that investment which has been made by the largest American corporations, that are quite capable of insuring themselves or paying adequate premiums for policies that are based upon sound commercial principles.

That is the issue, and that is the only issue, insofar as this committee bill is concerned.

It is relevant, then, to consider who are the primary beneficiaries of this subsidized program. When OPIC was first proposed in 1969, it was alleged that more flexible administration of the program would lead to its being more widely used by medium-sized U.S. businesses rather than the largest ones. But this has not been the case. As with the AID-administered program before it, the major beneficiaries of the investment guarantee program, whether administered by AID or OPIC, have been companies on the "Fortune Five Hundred" list of the largest U.S. corporations.

I can feature some kind of argument being made in favor of a publicly subsidized program for small companies that cannot afford to pay commercial rates for insurance offered by the private sector of our economy. I do not think I would be persuaded by such an argument, but at least I can understand how such an argument might be made. The fact is that it has nothing to do with the facts. This program has not stimulated small business to invest abroad. It continues to be a program that is primarily directed toward the biggest American corporations, and I cannot possibly justify subsidizing the biggest corporations with public tax money.

The distinction of users under the OPIC administration varies hardly at all from that of AID: Under OPIC administration, 79 percent of all insurance issued went to corporations on the Fortune 500 list, while under AID administration the percentage was 78 percent.

Thus, there should be no doubt that this program is administered for the benefit of America's largest multinational corporations—companies which can certainly afford to self-insure or pay premiums based upon sound commercial insurance principles.

Similarly, we found in the course of our hearings that OPIC-insured investment, like that of AID before it, tended to be concentrated in a relatively few countries. In terms of geographic coverage, under AID management 57 percent of the coverages issued by AID were concentrated in eight countries; under OPIC management the degree of concentration has been even greater, since 83.3 percent of its issued coverage has been concentrated in eight countries. Nor is this surprising. The tendency of investment to come from a limited number of companies and to flow to a limited number of countries seems to have a momentum of its own which is not changed by the availability of political risk insurance.

As I listen to the arguments made here by such distinguished Members of this body as the Senator from Minnesota (Mr. HUMPHREY) and the Senator from New York (Mr. JAVITS), I am transported back to the 1950's, when these propositions were put forward as articles of faith that no one must question, because they were the pillars of a bipartisan foreign policy.

But, Mr. President, it is no longer the decade of the 1950's. We have had 20 years of experience, and more. We have had an opportunity to test these postures. We no longer have to respect them as articles of faith. And when you put these postulates to the test, they are not borne out by the facts.

Are we just going to stand here on this floor and repeat old axioms because they fit like old shoes because there is a certain comfort and reassurance in repeating them or are we going to look carefully at the facts as we have found them, and test the axioms against the experience of more than a generation?

If we are going to do the reasonable thing, and look to the facts, the principal justification for the OPIC program is not borne out by the facts, that is to say, the foreign policy justification for this program, which was that it would spread American private investment throughout the Third World, and thus assist in the development of the free enterprise system in South America, Asia, and Africa. The truth is that that has not happened. The concentration of this insurance is even greater under OPIC than it was under AID. There has been no spreading of American private investment, and there will not be, no matter how many times we stand here and invoke pious axiom. It has not happened.

Thus, the committee could find no basis in fact for the principal foreign policy justification for OPIC; namely, that it stimulates the spread of American private investment throughout the underdeveloped world. The proof rebuts the contention.

So we were left, Mr. President, to ask whether the program, as it sometimes alleged, helps to assure the U.S. economy of secure, American-owned sources of raw materials abroad. Here again, the evidence seems to suggest just the opposite effect. Indeed, Mr. President, the concentration of this insurance risk in places like Jamaica, Guyana, and Chile has exposed the program to such undue risks that today OPIC has abandoned the policy of insuring American companies that want to invest in minerals or in petroleum or other natural resources.

So once again, instead of standing here repeating this kind of postulate as if it had some kind of catechismal effect upon our mental processes to produce a knee-jerk reaction, something we are familiar with which gets us back in the old familiar rut of voting for certain old and familiar propositions, let us look at the facts.

It simply cannot be argued, on the basis of the facts, that this program helps the United States to obtain a secure source of raw materials from abroad. Therefore, Mr. President, I feel strongly that this amendment offered by the Senator from New York should be rejected. I think that its adoption would mean that the requirements that give us some assurance that this Government program will be transferred to the private insurance community over a reasonable period of time would be thrown to the winds, in which Congress would express the hope that within the next 6 years, OPIC will find it possible to work out arrangements with the private insurance community that will permit it to confine its future role to reinsurance while the private companies accupy the frontline.

If we take the pieces that remain in this bill and fold them, we will be gumming that proposition for the next 5 or 6 years and we should not be surprised when OPIC turns up at the end of the 6-year period that it has been unsuccessful in negotiating its own liquidation. Common experience, I think, will bear that out. So we presented a bill that can accomplish its purpose. But if we remove the minimal requirement for performance of this transition problem from the bill, I am afraid that it will become a mockery, an empty shell, and we will be left with no reasonable assurance that this transition will, in fact, be effectual.

So I hope that the amendment offered by the Senator from New York will be rejected.

Mr. JAVITS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

OPIC AS A SIGNIFICANT INVESTMENT INCENTIVE

Mr. McGEE. Mr. President, the allegation has been made that OPIC does not provide a significant incentive for investment in the politically risky devel-

oping nations, and that these investments would go ahead even without OPIC. There is ample evidence to the contrary.

OPIC is a significant factor in whether or not U.S. investors actually do go forward with investment plans in the developing nations. This is particularly true of investments by smaller U.S. companies, by large companies going into more politically sensitive fields such as mining, by both large and small banks and other financial institutions whose tendency otherwise would be to lend to projects in Europe.

Obviously, each investment must be commercially feasible but this commercial attractiveness can be easily overcome by the political risks inherent in doing business in the poor countries. The result often is that the investment does not go forward. In these cases, OPIC's insurance is a sine qua non for many investors.

This significant role for OPIC insurance in many investments is clearly indicated by a 1971 Business International survey of U.S. companies with investments abroad. Ninety-three percent of the companies responding said political risk insurance was either a necessity or desirable for its foreign investment operations.

In addition, there are many specific examples where investors have stated that without insurance they would not have been able to make their investments. There are also numerous examples of planned projects which were not made due to the unavailability of OPIC insurance. I have several illustrative examples of the importance of the insurance program to small and large U.S. companies and request that they be made part of the record at this time.

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

SURVEY

Evidence that significant investments would not have occurred if OPIC (AID) insurance or financing had not been assured.

Kaiser Engineers, Venezuela: "The Political Risk Insurance Program is highly valued by the affiliated Kaiser companies, and in many cases has facilitated investments in less-developed countries which would not have otherwise been made."—Carl R. Pagter, Associate Counsel (Washington Office)

Kennecott Copper, Chile: "The overall agreement is contingent upon enabling legislation by the Chilean Congress, investment guarantees by the U.S. Agency for International Development, certain tax rulings, and favorable action by international lending agencies."—Frank R. Milliken, President. (Letter to shareholders)

Seaboard Allied Milling, Africa, Latin America: "Were it not for the availability of OPIC programs, we would not be involved in five developing nations (Nigeria, Liberia, Sierra Leone, Guyana, and Ecuador). As a medium-sized company . . . incentive programs such as those offered by OPIC make it possible for us to invest in countries where political risks must be considered along with the economic factors which enter into business decisions."—Richard Myers, Executive Vice President

Greyhound, Korea: "Our first step in evaluating this investment opportunity was to determine if we could obtain reasonable security guarantees from governmental sources. Without some protection against risks of war, foreign government expropriation and foreign currency inconvertibility, we would not have proceeded further."—Carl J. Fleps, Vice President—Government Relations

Alcoa, Costa Rica: Alcoa did not sign grant of performance until assured of OPIC contract.

Brown Bros. Harriman (Copper Mining), Philippines: Insurance contract required prior to closing.

TAW, Africa (Regional): Investor unable to proceed without financing and insurance included in total finance package.

Gulf Oil, Korea: Insurance was a precondition for making the investment.

Pfizer, Korea: Pfizer's Board of Directors made the obtaining of an OPIC contract a precondition to their investment.

Englehard Minerals, Bolivia: Commitment to the Government of Bolivia withheld until OPIC contracts were executed.

Commercial Credit, Israel: Availability of specific risk insurance was a major consideration in persuading Commercial Credit's Board of Directors to make company's first investment in LDC.

Falconbridge, Dominican Republic: Falconbridge lawyer represented that they would not be able to go forward if insurance was not available. In connection with the very large debt for the project, the lending institution wanted guaranties.

Alpart, Alcoa, Revere, Jamaica: During the second round expansion AID attempted to reduce insurance below requested amounts and/or refuse insurance altogether. The companies were already substantially committed but vigorously resisted efforts to reduce insurance by threatening to refuse signing loan commitments if insurance was withheld.

Philadelphia National Bank, Thailand: Loan for purchase of Thai tankers would have fallen through if insurance was refused.

Coilcraft, China: Controller stated that their president would not invest overseas without OPIC insurance.

Abbey Etna Machine Company, India: "Abbey Etna consists of a consortium of some 20 American investors. . . . We are positive that the majority of these investors would not have made an equity investment without the insurance coverages inherent in your Contracts of Guarantee. We believe that the Contracts of Guarantee sponsored by the A.I.D. is a necessary requirement for any prudent American investor planning to make a dollar investment in developing countries."—John J. Mullen, President

Intercontinental Hotels, Worldwide: "With overseas commitments so widely scattered and hotels operating under such varying conditions, we feel very strongly that we need the protection which OPIC programs provide, and it is an important factor in our decision to establish projects in the developing nations."—Reynolds Burgund, Staff Vice President—Development

International Nickel, Indonesia: Insurance is a very important consideration in the company's investment decision, and the project has been postponed indefinitely due to the lack of availability of insurance. The company is continuing to try to obtain such insurance through either OPIC or its Canadian counterpart, or both.

Union Oil, Korea: Location of project site within 35 miles of North Korea rendered insurance critical.

Listed below are a few additional planned investments representative of those which were cancelled and not made as a result of OPIC refusal to grant insurance for the projects:

Loans to credit institutions (Venezuela)	$17,000,000
Grain warehousing (Thailand)	5,500,000
Diamond mining (Lesotho)	3,000,000
Construction of port facilities (Malaysia)	$3,000,000
Meat packing (Malagasy Republic)	600,000
Cattle ranch (Brazil)	250,000

A recent survey by OPIC of a sampling of companies which have been rejected for insurance on proposed investments indicates that a very substantial proportion of such projects refused insurance are cancelled and the investments not made. This is true judging both by the number of contracts and the proposed dollar investment.

Mr. McGEE. Mr. President, also too frequently overlooked is the important ground-breaking role of OPIC insurance. In the early 1960's, U.S. private investment was a venture into the unknown in such countries as Korea and India. The first American companies to become interested in investments in these countries have stated that they would not have invested there without OPIC insurance. These insured investments both expand local markets and call attention to the host country among other investors, as well as expand markets for U.S. exports.

Now, OPIC is beginning to play a ground-breaking role in other countries in which investment is becoming economically feasible. As local markets develop, OPIC is attempting to foster more investment in countries relatively neglected by investment patterns of the past.

Thus, OPIC is a significant and important incentive for U.S. investments in the developing nations, investments which are in turn significant and important for America's domestic economy—her jobs and her balance of payments.

Mr. BROOKE. Mr. President, I call the attention of my colleagues to a letter I recently received from Mr. Paul C. Baldwin, vice chairman of Scott Paper Co. In his letter he seriously challenges the argument that OPIC insurance is not an important consideration for private companies contemplating investments in foreign countries. I think this letter should be of interest to this body as it passes judgment on the legislation pending before it.

I ask unanimous consent that the entire text of Mr. Baldwin's letter be printed in the RECORD at this point.

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

JANUARY 16, 1974.

Hon. EDWARD W. BROOKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BROOKE: The Senate Foreign Relations Committee is presently reevaluating the status and merits of the Overseas Private Investment Corporation (OPIC), a U.S. Government corporation active in the insurance of private investments abroad, primarily against the risk of expropriation. OPIC also conducts lending activities, generally in support of new ventures in less developed countries. These ventures often represent partnerships between American and local capital, as in our case.

Criticism has been leveled at OPIC, alleging in substance that OPIC is largely unnecessary and ineffective, that its purposes would be better fulfilled by private institutions, and that it abets the export of Amer-

ican jobs by large multinational corporations.

Based on the experience of Scott Paper Company with OPIC, we strongly disagree with this critique. We carry OPIC insurance for our investments in several so-called third world nations. The availability of such protection is a major factor in the decision to operate in these countries, which in many instances present potential risks which private investors alone cannot reasonably assume wholly. We are unaware of any private insurance carriers who could provide similar surety, which is understandable because the nature of these risks does not lend itself to actuarial evaluation.

For similar reasons, adequate capital on reasonable terms is frequently unavailable for investment in these countries. Here, too, we have benefited significantly from OPIC activities, specifically their project loan program. Our investment by its nature is long term, yet the international capital markets are primarily short and medium term. OPIC's approach enabled us to finance a major project in Brazil on terms suited to the venture's ability to repay. No other lender offered what we required in this particular case. At the same time, we found OPIC to be professional and business-like. We were required to agree to a number of covenants providing for appropriate equity capital, working funds, limitations on indebtedness, management assistance to the venture, and other provisions lenders normally seek. In short, the OPIC programs seem to us to be either unnecessary nor ineffective, nor a well-dressed grant-in-aid. Instead, they are an important support service for private ventures in the less developed world.

Another important misconception is the argument that OPIC abets the export of American jobs by encouraging investment abroad. If we, and many companies like us, did not invest abroad, the foreign markets would not be served from the United States. They would simply be lost to us, and so would the attendant benefits to our balance of payments from interest and dividend income, to our American shareholders from increased earnings per share, to many of our employees who work in our international operations, to American capital goods producers who supply a share of the equipment installed abroad, and to many other similar factors in the American economy who directly or indirectly are involved in the international investment process. The reasons for the widespread lack of the alternative to foreign investment—supplying the foreign market from here—are generally severe import restrictions by many developing countries because of chronic payments deficits; or, as in our case, adverse economics. Low unit value, high bulk items, like Scott's well known products, cannot be shipped any great distance and still be price competitively.

For all the reasons we have discussed, the programs of OPIC are necessary and desirable if we and many other American companies wish to participate in a considerable portion of world markets, and hope to see these markets develop at least in part on a private enterprise basis. We therefore urge you to support a continuation of the insurance and financing activities of the Overseas Private Investment Corporation.

Sincerely,

PAUL C. BALDWIN.

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

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

The PRESIDING OFFICER (Mr. BARTLETT). All time on this amendment has now expired.

The question is on agreeing to amendment No. 970 of the Senator from New York (Mr. JAVITS).

On this question the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), and the Senator from Arkansas (Mr. FULBRIGHT) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. INOUYE) is absent because of death in the family.

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. PEARSON) is absent on official business.

I further announce that the Senator from New York (Mr. BUCKLEY) is necessarily absent.

The result was announced—yeas 48, nays 46, as follows:

[No. 41 Leg.]

YEAS—48

Aiken	Fannin	Moss
Allen	Fong	Packwood
Baker	Goldwater	Pastore
Bartlett	Gravel	Roth
Beall	Griffin	Scott, Hugh
Bellmon	Gurney	Sparkman
Bennett	Hansen	Stafford
Bentsen	Hathaway	Stennis
Brock	Hruska	Stevens
Brooke	Humphrey	Taft
Chiles	Jackson	Talmadge
Cotton	Javits	Thurmond
Curtis	Long	Tower
Dole	Mathias	Tunney
Domenici	McClure	Weicker
Dominick	McGee	Young

NAYS—46

Abourezk	Hartke	Mondale
Bible	Haskell	Montoya
Biden	Hatfield	Muskie
Burdick	Helms	Nelson
Byrd, Harry F., Jr.	Hollings	Nunn
	Huddleston	Pell
Byrd, Robert C.	Hughes	Percy
Cannon	Johnston	Proxmire
Case	Kennedy	Randolph
Church	Magnuson	Ribicoff
Clark	Mansfield	Schweiker
Cook	McClellan	Scott, William L.
Cranston	McGovern	
Eagleton	McIntyre	Stevenson
Ervin	Metcalf	Symington
Hart	Metzenbaum	Williams

NOT VOTING—6

Bayh	Eastland	Inouye
Buckley	Fulbright	Pearson

So Mr. JAVITS' amendment (No. 970) was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 971

Mr. JAVITS. Mr. President, I call up my amendment No. 971.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 7, beginning with line 3, strike out everything through the period on line 14, and insert in lieu thereof the following: "The amount of reinsurance liabilities which the Corporation may incur under this paragraph shall not exceed $600,000,000 in any one year and shall not exceed at any one time an amount equivalent to the amount of insurance the Corporation is authorized to issue pursuant to section 235 (a)(1). All such reinsurance shall require that the reinsured party retain for his own account specified portions of liability, whether first loss or otherwise, and the Corporation shall endeavor to increase such unreinsured exposures to the maximum extent and as rapidly as possible.".

Mr. JAVITS. Mr. President, I yield to the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I have discussed this request with the distinguished mover of the amendment, Mr. JAVITS, and with the distinguished manager of the bill, Mr. CHURCH.

I ask unanimous consent that time on this amendment be limited to 40 minutes, the division and control of the time to be in accordance with the usual form.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. JAVITS. I yield myself 5 minutes.

Mr. President, I understand the desire of the Senate to get on with this business. I will do my best to cooperate. This is the final amendment I have.

This amendment deals with the issue of reinsurance. The whole question boils down to whether or not a particular condition written into the committee bill by the majority of the committee, on the matter of reinsurance, shall stay in the bill or whether it shall not.

If Members will follow me, the matter can be understood quickly. The provision is contained at page 7, lines 10 through 14 of the bill. The provision reads as follows:

The reinsured party will absorb in any one year a loss equal to at least 50 per centum of the face value of all the insurance it has outstanding in the country in which it has issued the most insurance subject to reinsurance by the Corporation.

In addition, the committee bill would provide for reinsurance liabilities of $600 million which the Corporation can assume in any one year, but that the aggregate roof of all reinsurance shall not exceed $12 billion. The basic OPIC measures gives a roof on reinsurance of $7.5 billion.

The PRESIDING OFFICER. The Senator will suspend. The Senator is entitled to be heard. The Senators who wish to hold conversations will please go to the cloakroom. The Senate will be in order.

The Senator may proceed.

Mr. JAVITS. Mr. President, the basic OPIC legislation has a ceiling on reinsurance of $7.5 billion. That ceiling is upped by the committee bill to $12 billion with the condition I just expressed.

The amendment cuts back the $12 billion to $7.5 billion, as I believe and those who join with me believe that the $7.5 billion is adequate for the purpose of reinsurance.

But the amendment does eliminate one provision which I have just read, and that is that the insurance company which has reinsurance has a deductible in respect of that reinsurance; that is, it cannot collect from OPIC on that reinsurance, more than 50 percent of the value of all insurance it has outstanding in the country in which it has issued the most insurance, subject to reinsurance by the corporation.

What we contend, all other arguments in respect of OPIC having been made, is that, first, the purpose of the whole bill to introduce insurance coverage into this section will be nullified by this particular condition on OPIC reinsurance because insurance companies simply will not accept this condition, again for the same reason the previous amendment was carried, that it just represents an impossibility and, therefore, that OPIC will be unable to get the a basic insurance we want it to get through division with private insurance companies because it is unable to meet the condition the legislation would call for in respect of reinsurance. That is the essential point respecting the matter.

I wish to refer specifically to the position taken by OPIC in this particular matter. They feel that private insurance companies that have studied the committee bill simply find the reinsurance section unacceptable to them. Unless it is changed they will not write any political risk insurance.

The company most prominently mentioned, the Firemen's Insurance Co., has said:

> The proposed legislation stipulates the amount of reinsurance coverage which in our opinion are inadequate and stipulations that are unrealistic.

I call the continuing liability of insurance companies "deductibles" but they call them "retentions," but it comes to the same thing. If the desire is to bring about a system by which private insurance companies insure these investors, subject to reinsurance by OPIC, we must have a realistic OPIC plan and this plan, according to the very insurance company that is being constantly cited by the proponents of the bill, is unsatisfactory in regard to reinsurance.

The PRESIDING OFFICER (Mr. GOLDWATER). The time of the Senator has expired.

Mr. JAVITS. Mr. President, I yield myself 2 additional minutes.

Therefore, Mr. President, I do not believe, and those with me do not believe, that in this matter we should tie one hand behind our backs immediately as we go back to seek private insurance coverage by being unable at least to give adequate and satisfactory reinsurance which will attract new insurance companies to the deal.

In addition, we point out that the $7.5 billion is a more realistic figure, and there is no need for putting the figure at the $12 billion level, which the committee bill would do.

Finally, we point to the example of the only insurance company which they have been able to get to share these risks, to wit, Lloyds, and the experience from Lloyds indicates in the reinsurance arrangements with them that this part of the committee bill will immediately invalidate any expectation of doing business with Lloyds and cause them to cancel.

For all those reasons, and again following the concept of this bill that we are going to phase OPIC out of direct guarantees and into a reinsurance role, if it is going to do that at least the reinsurance role should be noted in the committee bill.

For these reasons we say the Senate should approve the amendment which strikes those provisions.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. CHURCH. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CHURCH. Mr. President, the amendment proposed by the Senator from New York would remove the deductible provision from the reinsurance section. It would allow OPIC, if negotiations with private insurance companies were to so proceed, to repay private insurance companies almost 100 percent of any loss they sustained in insuring political risks abroad. This proposed amendment would result in OPIC sharing its premiums with the private insurance companies and at the same time would leave OPIC continuing to bear nearly all of the risk of loss.

The one concern of the committee was that the bill should be written in such a way as to make any participation by the private insurance companies bona fide. The last thing we want is window dressing for the OPIC problem creating an illusion that private insurance companies are engaged while the fact is that the risk continues to be borne by the Government in its reinsurance role. With that in mind, I suggest, Mr. President, that the formula in the bill is very sound. It should not be deleted. It requires that any insurance company which is reinsured by OPIC, must bear a loss equal to at least 50 percent of the total face value of the insurance it has outstanding in that country in which it has the largest amount of insurance.

For example, if a private insurance company has purchased from OPIC reinsurance with a face value of $50 million in countries A, B, and C, and for $100 million in country D, the deductible would equal $50 million per year. Under the bill the private insurance company in this example must pay—in any 1 year—the first $50 million of loss it sustains.

This deductible does not, as claimed by Senator JAVITS, demand too much of private insurance companies. It reinsures private insurance companies against global catastrophy such as a continental war or a wave of expropriations in several countries in 1 year. But it means that private insurance companies will bear a significant share of losses before OPIC's reinsurance becomes operative, thus insuring careful evaluation by the private companies of the riskiness of their insurance.

But the reinsurance formula does more than simply keep the Government from paying every time there is a small claim.

The deductible formula contained in our bill encourages the private insurance companies to spread their insurance over projects in as many different countries as possible. It encourages them not to concentrate their projects in one country or in only a few countries, as OPIC has done. Thus, the private insurance companies will wish to spread their insurance fairly evenly over as many countries as possible if this amendment is defeated. They will not get into a situation like OPIC's. OPIC has issued 85 percent of its insurance for projects in eight countries and over one-seventh of all of OPIC's outstanding insurance is for one country—Jamaica.

If the bauxite investment in Jamaica were to be expropriated, all of OPIC's insurance reserves would be used up and about $350 million of U.S. Treasury funds would have to be used because of the full faith and credit clause in the insurance contracts.

So the committee sought to avoid this kind of undue concentration of the insurance risk and at the same time to make certain that the assumption of the front-line risk by private insurance companies was bona fide.

If we eliminate this protection in the bill, as the Senator from New York (Mr. JAVITS) seeks to do, I am afraid that we will have opened the door to an arrangement between OPIC and the private insurance companies where the real risk will continue to be borne by the Government, with a very heavy slice of the premiums given to the private insurance companies involved.

I do not think that is what the Senate wants to do. I think we take a very serious risk that that will happen if we strike this protective language from the bill.

On the other hand, if we retain the language, we can be certain not only that the participation by the private companies will be bona fide, but we will also tend to spread the program over a larger number of countries, which was the foreign policy objective that we had in mind when we adopted OPIC in the first place.

For those two reasons, then, Mr. President, it would seem to me to be inadvisable for the Senate to adopt the amendment offered by the Senator from New York, and I hope the Senate will vote to reject it.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. Mr. President, I yield myself 2 minutes.

The argument just made by the manager of the bill is exactly what has been happening all afternoon—the theory is that we can lay down a mandate and that that is what is going to happen. We are trying to get insurance companies to get into this deal—the Senate has pretty well made that clear in its voting—and in order to get them in, we cannot tie the

hands of the agency in working out a deal.

Those of us on my side of the case feel that Marshall Mays is an able man and that he can work it out if we give him a mandate which he has any chance of carrying through; and he—not I but he—says that this is absolutely impossible. He cannot see an insurance company that is going to do it. Perhaps he will be able to work out something with insurance company A or B, and not with insurance company C, D, E, and F; but if we write this restriction into the legislation, we are telling him in advance he cannot do it.

So, again, just as in the case of the previous amendment—and even more so, because reinsurance is the key to getting the private insurance companies in—it is a sentence of death, because we are giving him a condition he cannot meet.

Therefore, it seems to me, if we do have a desire to carry on this enterprise—and that is ultimately what it comes down to—we have to give it a chance. He calls the mandatory reinsurance deductible absolutely impossible in terms of negotiation; and giving him that handicap in advance puts him out of business as effectively as if we do not renew it.

For that reason, it is an important amendment. It goes to the heart of what they are able to do, if anything. It gives them a chance. If he is going to negotiate any kinds of deals to bring in the private insurance companies, we should not tie his hands behind his back, which is exactly what the committee has done. There is not a shred of evidence that the private insurance companies are going to go into this deal on the basis on which the committee says they are going to do it. He may be able to make deals as good as or better than these, but if we write this provision into the legislation, he is finished.

Mr. President, I am prepared to yield back my time and vote on the amendment, if that is agreeable.

The PRESIDING OFFICER. Does the Senator from Idaho yield back his time?

Mr. CHURCH. Yes.

Mr. JAVITS. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from New York (No. 971). The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent because of a death in the family.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. PEARSON) is absent on official business.

I further announce that the Senator from New York (Mr. BUCKLEY) and the Senator from Wyoming (Mr. HANSEN) are necessarily absent.

The result was announced—yeas 45, nays 47, as follows:

[No. 42 Leg.]

YEAS—45

Aiken	Fannin	Nunn
Allen	Fong	Pastore
Baker	Gravel	Roth
Bartlett	Griffin	Scott, Hugh
Beall	Gurney	Sparkman
Bellmon	Hathaway	Stafford
Bennett	Hruska	Stennis
Bentsen	Humphrey	Stevens
Brock	Jackson	Taft
Brooke	Javits	Talmadge
Cotton	Long	Thurmond
Curtis	Mathias	Tower
Dole	McClure	Tunney
Domenici	McGee	Weicker
Dominick	Moss	Young

NAYS—47

Abourezk	Hart	Mondale
Bible	Hartke	Montoya
Biden	Haskell	Muskie
Burdick	Hatfield	Nelson
Byrd, Harry F., Jr.	Helms	Packwood
	Hollings	Pell
Byrd, Robert C.	Huddleston	Percy
Cannon	Hughes	Proxmire
Case	Johnston	Ribicoff
Chiles	Kennedy	Schweiker
Church	Magnuson	Scott, William L.
Clark	Mansfield	
Cook	McClellan	Stevenson
Cranston	McGovern	Symington
Eagleton	McIntyre	Williams
Ervin	Metcalf	
Goldwater	Metzenbaum	

NOT VOTING—8

Bayh	Fulbright	Pearson
Buckley	Hansen	Randolph
Eastland	Inouye	

So Mr. JAVITS' amendment was not agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CASE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, on behalf of the Senator from Tennessee (Mr. BAKER), I submit an amendment which I understand is acceptable to the manager. It is acceptable to me. I ask that it be reported.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 13, line 23, strike "and".

On page 13, line 24, strike out the period and insert in lieu thereof a semicolon and the word "and."

On page 13, between lines 24 and 25, insert the following:

(C) Add at the end thereof the following:

"(h) Within six months of the date of enactment of this subsection, the Corporation shall develop and implement a specific criteria intended to minimize the potential environmental implications of projects undertaken by investors abroad in accordance with any of the programs authorized by this title."

The PRESIDING OFFICER. Who yields time?

Mr. CASE. Mr. President, will the clerk read again the substantive part of the amendment?

Mr. JAVITS. Mr. President, may we have order, so that Senators may hear?

The PRESIDING OFFICER. The Senate will be in order. Senators engaging in conversations will please retire to the cloakrooms.

The clerk will reread the substantive part of the amendment.

The assistant legislative clerk read as follows:

(h) Within six months of the date of enactment of this subsection, the Corporation shall develop and implement a specific criteria—

Mr. CASE. Is that word "criteria"?

The assistant legislative clerk read: "Criteria."

Mr. CASE. Mr. President, I suggest we strike the word "a," then; "criteria" is a plural word.

Mr. CHURCH. The Senator is technically correct.

Mr. JAVITS. Mr. President, will the clerk finish his reading?

Mr. CASE. That was why I asked that it be read.

The PRESIDING OFFICER. The clerk will proceed.

The assistant legislative clerk read as follows:

(h) Within six months of the date of enactment of this subsection, the Corporation shall develop and implement specific criteria intended to minimize the potential environmental implications of projects undertaken by investors abroad in accordance with any of the programs authorized by this Title.

Mr. JAVITS. Mr. President, I so modify the amendment.

The PRESIDING OFFICER. The amendment is so modified.

Mr. CASE. The Senator would not have had to, had it been his bill.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the author of the amendment, the Senator from Tennessee (Mr. BAKER).

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

STATEMENT BY SENATOR BAKER

Over two years ago, I served as chairman of the Secretary of State's Advisory Committee on the United Nations Conference on the Human Environment. That conference took place in June 1972, in Stockholm, Sweden. I was a delegate, as were many of our colleagues; and the Conference marked the beginning of a global effort to preserve, protect, and restore the common environment which we, as inhabitants of this planet, must share.

The Conference covered a multitude of environmental matters; but one of the primary issues, and by far the most controversial, was the question of development and the environment. Are those two terms compatible in the broadest sense; or is air, water, and noise pollution a luxury of industrialization, as some of the developing nations have asserted.

The summer before the meeting in Stockholm, I traveled to several developing nations in Africa and Asia to discuss this matter with the appropriate officials. With few exceptions, their response to my query was the same. We cannot, they would argue, bear the additional burden of incorporating environmental safeguards into our development

processes. The reason, quite simply, is the expense involved and the fact that it would detract from their more fundamental efforts to feed the hungry and treat the sick. Moreover, in the 3 years which have elapsed since I spoke with those officials, the problem has been greatly exacerbated by a combination of problems, including, more recently, the sharp increase in the price of oil and the growing food shortage already affecting parts of Africa.

And so, Mr. President, it would seem fair to submit that for a majority of developing nations, environmental safeguards will have to take a semipermanent backseat. This is understandable, but must it be inevitable? One of the many conclusions reached at Stockholm was that pollution is not a national problem. It respects no boundaries nor political or cultural differences. It is, instead, a global phenomenon with the attendant mobility of our jet streams and ocean currents. Consequently, it must be dealt with at the international level and not solely by the action of individual states. That was the purpose of the Stockholm Conference, and great progress has been made in the wake of that historic gathering; but much more remains to be done. Moreover, it is clear that the wealthier nations of the world will have to play their characteristic leadership roles in dealing with this problem, as they have with others.

The United States has led the way in contributing to the institutional mechanism established within the United Nations to deal with international environmental problems. But, this should not be merely a government-to-government effort. American multi-national corporations and businesses have played, and will continue to play, a major role in providing a source of employment and income to many of the people in the developing countries. Although most of those countries do not have strict environmental regulations, nor even minimum standards in many instances, it is almost entirely because they are afraid that it will reduce the attraction of securing Western or Japanese investment in their countries.

American interests investing abroad are required to comply with the laws of the respective countries in which they invest. However, where those laws do not exist, as in the case of environmental guidelines, there is no obligation for the investors to minimize the environmental degradation which may result. In fact, at one point, the Japanese candidly stated that they were going to attempt to export polluting industries to the developing countries where the cost of complying with environmental standards was not so prohibitive. And I have little doubt that this issue plays a role in where American interests invest abroad.

It is perfectly understandable; and I have always opposed requiring American firms, whether they manufacture automobiles or heavy machinery, to comply with U.S. environmental standards abroad when those standards exceed the requirements of the respective countries. Moreover, my amendment is not an attempt to alter that view. It is, instead, an effort to encourage American investors to find a reasonable compromise between U.S. standards and no standards at all, and to do so by requiring the Overseas Private Investment Corporation to develop and implement a specific criteria for bringing this about. The objective is to minimize the environmental implications of projects undertaken by American investors, in lieu of domestic statutes requiring the same thing.

Presently, OPIC requires that applicants for political risk investment insurance answer the following questions:

"What adverse ecological effects, if any, will result from this project?" and

"Have you discussed these with the host government?"

This is as much as could be expected in view of our policy not to require U.S. multinational concerns to comply with domestic standards abroad. Moreover, OPIC does far more than is required by statute to make sure that the applicant is aware of the environmental damage which will result and that they have made the host government fully cognizant of the potential hazards involved. But, I would be willing to guess that nine times out of ten, the host government is more than willing to accept the damage so long as it means jobs and income for their people. It is for this reason that I offer this amendment. It is my hope that by requiring the Overseas Private Investment Corporation to develop and implement this environmental criteria, we might not only become better aware of the magnitude of the problem, but also encourage American investors to impose upon themselves some reasonable environmental standards, for the sake of international goodwill and in the interest of a healthy, clean, global environment.

The Overseas Private Investment Corporation is one of those rare ventures in which the United States has reaped impressive success. With my amendment, I am convinced that that success will continue and, indeed, be enhanced.

Mr. JAVITS. Mr. President, I am prepared to yield back the remainder of my time.

Mr. CHURCH. Mr. President, I have no objection to the adoption of the amendment. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PERCY. Mr. President, I send an amendment to the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 9, line 2, strike out "1980" and insert in lieu thereof, "1976".

The PRESIDING OFFICER. Who yields time?

Mr. PERCY. Mr. President, the purpose of the amendment can be stated very briefly. It is the original proposal of the administration to provide an authorization for 2 years for OPIC. Now that we no longer have a 6-year phaseout because of the acceptance of the Javits amendment, I feel it advisable to go back to a 2-year authorization, so that OPIC can come back after 2 years.

I understand that the amendment will be looked upon favorably by the floor manager, and if there is no objection, it can be voice-voted.

Mr. JAVITS. Mr. President, I claim the time in opposition.

The PRESIDING OFFICER. Does the Senator from Idaho yield the time in opposition?

Mr. CHURCH. Mr. President, it had been my intention to ask a couple of questions just for purposes of clarifying the objective of the amendment offered by the Senator from Illinois, in the anticipation that it would be possible then to accept it.

The PRESIDING OFFICER. I remind the Senator that he controls the time in opposition, unless he intends to accept the amendment.

Mr. CHURCH. I anticipate that I will be prepared to accept the amendment, so therefore I would suggest that the time in opposition be controlled by the Senator from New York.

Mr. JAVITS. Or the Senator from New Jersey.

Mr. CASE. Well, the Senator from New Jersey has made his contribution; therefore I yield the control of the time in opposition to the Senator from New York, since I also favor the amendment. Perhaps the Senator from New York favors the amendment also.

Mr. JAVITS. No, not yet. I thought I would talk about it.

Mr. CASE. I yield the time in opposition to the Senator from New York.

The PRESIDING OFFICER. How much time in opposition does the Senator from New York yield himself?

Mr. JAVITS. I yield myself 5 minutes.

Mr. President, the amendment which the Senator from Illinois presents relates to the language at the top of page 9, line 2, to strike December 31, 1980 and insert December 31, 1976.

This bill is a unitary effort by the Senate Foreign Relations Committee majority to strike out, on some kind of a different plan, the future of OPIC. The other body has not yet acted, except that a subcommittee of that body has recommended a straight 2-year extension.

The theory of the mover of the amendment, the Senator from Illinois (Mr. PERCY), is that the fact that I have prevailed in two amendments means that the bill now is a simple extension of OPIC for 6 years.

To that, I reply that there is no justification for destroying the whole scheme of the bill at this late moment in its consideration.

Any Member has the right to propose anything, and to propose it, as it were, based upon the ad hoc situation, which is what I think Senator PERCY has done. But we, on the other hand, have the right to consider categorically what it means, and whether we should go that route, which has not really been considered or passed upon by either the committee majority or the committee minority.

So I, in a sense, ask the Senate to pause while we take a look at it, instead of accepting it without knowing what it will do or what it will mean. The fact is that the bill is not quite a 2-year extension now. Indeed, a very important point has been registered with respect to the last amendment which failed, that deals with the whole reinsurance situation in which the corporations take OPIC's hands—as it has been with regard to the 2-year extension—to be completely free for negotiations; but now, the way in which we have written the reinsurance provision, their hands are tied and they say it is impossible to work out reinsurance.

I argued that in connection with the amendment, and I argued that on the terms stipulated here in the Senate bill. Therefore it seems to me that before we eliminate yet another opportunity for them, which is to eliminate it, if the time

is completely shortened, we should be thoughtful; and that is the reason I am taking the position I do on this amendment, about leaving that to a conference between the two bodies. In other words, keep the pattern of the committee's bill insofar as the minority and majority both considered it in the Foreign Relations Committee, and leave to the conference the settlement of the differences because from present appearances, although we cannot tell, the other body will go a different route—to wit, on a planned 2-year extension, whereas we have written a good many conditions into the bill—one of the risks which resulted from the fact that my amendment failed. The other was, for example—which is a consequential one—I have to do this quickly and so I hope the Senate will forgive me for literally thinking out loud while I am on my feet, but that is the situation we face.

On the top of page 4, we say:

> Not more than 10 per centum of the total face amount of investment insurance which the Corporation is authorized to issue under this subsection shall be issued to a single investor.

So, frankly, I do not know whether it is or is not, under the circumstances which we now face in the Senate, but as I have pointed out in respect of the reinsurance, which is the backbone of the whole situation so far as the ability to go on with the program is concerned, we have materially curtailed the authority of OPIC and put it in the position where, according to its own management, it cannot get that kind of reinsurance. Obviously, if it cannot get it now, the fact that it cannot get it in 2 years is a lot more likely than the fact that it would have a longer period over which to stretch the effort to get it, assuming the Senate bill remains what it is.

So, for the following three reasons, I think the Senate should reject the amendment:

One, it is a totally new approach to the situation, coming in at the last minuite without anyone having been able to give it any considered judgment;

Two, because there are provisions in the bill which differ materially from the 2-year extension. By the way, the administration is against the 2 years. I have just ascertained that, as is the OPIC management—they are against this amendment.

Three, because we will have a conference with the other body and it will be possible to straighten out the basic substance of the differences—and there obviously will be some—between ourselves and the other body.

Finally, let us remember, too, that so far as the manager of the bill is concerned, he said he is not going to weep any crocodile tears if the whole thing goes down the drain. So he is not especially in love with the program, either.

Therefore, I have to, and I consider it my duty, to raise this question and ask for a rollcall vote.

This is the way the Senate wants to go so, in my judgment, it is impossible to ascertain whether it is the right or the wrong way. That is the Senate's privilege.

So, Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CHURCH. Mr. President, originally the administration asked for a 2-year extension of OPIC as is. That I understand is the position of the House, simply to extend the program as it now exists for another 2 years. The bill contemplated an effective transition of the program from Government control to private insurance over a 6-year period.

Now we have, by the adoption of the amendments offered by the Senator from New York, actually given OPIC carte blanche authority to proceed to negotiate its own liquidation in terms that it finds acceptable over a 6-year period.

I think, in view of the action taken by the Senate in adopting the amendments, and in view of the fact that we have given carte blanche authority to OPIC to proceed as it will to its own self-liquidation, nothing can be lost by calling them back in 2 years for a progress report instead of waiting for 6 years to be told that they could not do it.

If we are going to give them all the latitude in the world to proceed with the negotiations and take out all the bench marks in the legislation, as we have effectively done by adopting the amendments of the Senator from New York, at least bring them back within 2 years for a progress report and then determine whether we should go ahead with the transition, whether they have made sufficient progress—let us make this realistic, or we should consider terminating the program altogether.

Therefore, I would hope that the Senator's amendment would be adopted.

Mr. SYMINGTON. Mr. President, for a good many years I was in private business in this country and I do not remember ever having the Government guarantee me anything.

I was in one of the countries in Africa where there was an unsound development project being carried out by a supercorporation with this type of Government assistance. I finally said to this fellow, "I think this is a lot of bunk. You cannot get it out. You cannot pay the freight." He said, "Well, it does not make too much difference. We have got a 90-percent Government guarantee."

Mr. President, I do not see why we are so anxious to guarantee the doing of foreign business by a supercorporation. We do not guarantee any small manufacturer, wholesaler, or retailer in this country with Government money.

Putting it mildly, therefore, I fully support the suggested amendment of the Senator from Illinois.

From the inception, I have opposed the OPIC-type guarantee and after serving on the subcommittee that has been looking into this matter, I am even more against it today. With the condition of the American economy the way it is today, I do not believe we should subsidize these big business operations with the taxpayers' money.

Mr. PERCY. Mr. President, my comments will be brief, indeed. I simply wish to respond to the Senator from New York by saying that I think, quite rightfully, he does say, pause and let us take a look and see what effect the amendment will have. The effect simply would be to give the Senate and the House the right of oversight. If we extend this for 6 years and know, during that period, that we are phasing out our liability to the private sector, that is one thing; but if we extend it for 6 years and have the authority to go up to $7½ billion and do not proceed with oversight in the meantime, that is quite another thing.

The question raised by the Senator from New York is appropriate. I feel that we would be abdicating our responsibility to give authorization for a 6-year period of time involving as much as $7.5 billion. The exposure right now is $3.5 billion.

The Senator also raised the question about paragraph 3 on top of page 4 of the bill as to whether 10 percent of the total face amount of investment insurance which the corporation is authorized to issue shall be issued to a single investor.

All we have done in this bill, is to embody into law what has been an established administrative practice of OPIC. The question raised by the Senator from New York is a valid one and a rollcall is appropriate.

I yield back the remainder of my time.

Mr. JAVITS. Mr. President, I am not going to argue with the Senator from Missouri (Mr. SYMINGTON) because we have been debating that for 24 hours. The Senate in one form or another has expressed its views on that. I do not think Members want to go over the whole debate again. But I am going to take very real issue with Senator CHURCH and Senator PERCY, for this reason: It is one thing to have oversight. You have oversight where you have a program, and where you have no program, there is no need for oversight, and that is the end of the matter—the patient is dead.

The difference is a very real and practical one, because the committee felt the agency was entitled to 6 years in which to make a transition. We felt—those of us who oppose the committee's bill—that in order to enable them to make that transition to private insurance, you had to give them a reasonably free hand to negotiate. We can always put them out of business any time we wish. But is is another thing to have the agency expire in 2 years and expect any insurance companies to do business with them when their hands are tied.

We have the point that Senator CHURCH did not mention, which I know the Senate understands clearly, and it is that while the Senate did go with me on one amendment, let us remember that the Yugoslavia and Romania amendment is a separate thing and has nothing to do with the insurance. Senator PERCY, himself, voted with me on that. There is just one amendment. That amendment eliminated the requirement for 25 percent insurance participation on the 1st of January 1975. But the Senate has just defeated an amendment which is a very serious handicap to negotiating reinsurance and which they simply cannot do.

The fact is that the 2-year extension idea, if straight, with a perfectly free hand, which is what the administration

originally sought, is a very different attitude from this one, which ties their hands in the critical element of reinsurance.

If the Senator would like to accept the amendment which the Senate just rejected, then I could see the point of the committee—to wit, according to its manager and Senator CASE, changing their position in midstream. But, with all respect, I feel that this is just another way of canceling this thing out. One condition has been attached which they cannot meet, and the time has been shortened so they surely cannot meet it, and that is the end of that.

Do we want this or do we not? I do not argue with Senator SYMINGTON and those who feel as he does. He voted "no" constantly, and he properly should; that is his belief. But the majority of the Senate voted the other way, and I am appealing to that majority. If Senators want to have handiwork left, something to negotiate with, then they should vote for this amendment. It is a totally different route from that which the administration originally recommended and which I recommended, and which I proposed to the committee, and they rejected it.

It was then that we went the route of this program, which the committee itself is abandoning. Having proposed it to the Senate, it is now abandoning it. I respectfully submit that a very material element of that program still is present, by the Senate action on the last amendment.

For all those reasons, I ask that we not bolt this thing quite so fast. That is what this is. I am always worried about that, when I am faced with that kind of decision. The Senate will vote its will, but I think the Senate ought to understand—and I am trying very hard to contribute to that—the components which go into this decision.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. JAVITS. I am willing to yield back my time.

Mr. CHURCH. I am willing to yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Ohio (Mr. METZENBAUM) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent because of a death in the family.

I announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. PEARSON) is absent on official business.

I further announce that the Senator from Tennessee (Mr. BAKER), the Senator from New York (Mr. BUCKLEY), and the Senator from Wyoming (Mr. HANSEN) are necessarily absent.

The result was announced—yeas 53, nays 37, as follows:

[No. 43 Leg.]

YEAS—53

Abourezk	Hart	Nelson
Bentsen	Hartke	Nunn
Bible	Haskell	Packwood
Biden	Hollings	Pastore
Burdick	Huddleston	Pell
Byrd, Harry F., Jr.	Hughes	Percy
Byrd, Robert C.	Jackson	Proxmire
Cannon	Johnston	Ribicoff
Case	Kennedy	Schweiker
Chiles	Magnuson	Scott, William L.
Church	Mansfield	Stennis
Clark	McClellan	Stevenson
Cotton	McClure	Symington
Cranston	McGovern	Talmadge
Eagleton	McIntyre	Weicker
Ervin	Mondale	Williams
Goldwater	Montoya	
Griffin	Moss	
	Muskie	

NAYS—37

Aiken	Fannin	Metcalf
Allen	Fong	Roth
Bartlett	Gravel	Scott, Hugh
Beall	Gurney	Sparkman
Bellmon	Hatfield	Stafford
Bennett	Hathaway	Stevens
Brock	Helms	Taft
Brooke	Hruska	Thurmond
Cook	Humphrey	Tower
Curtis	Javits	Tunney
Dole	Long	Young
Domenici	Mathias	
Dominick	McGee	

NOT VOTING—10

Baker	Fulbright	Pearson
Bayh	Hansen	Randolph
Buckley	Inouye	
Eastland	Metzenbaum	

So Mr. PERCY's amendment was agreed to.

Mr. PERCY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CHURCH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 2, line 10, strike out the word "and".

On page 2, between lines 10 and 11, insert the following:

(E) strike out clause (e) and insert in lieu thereof the following:

"(e) to give preferential consideration in its investment insurance and reinsurance activities, to the maximum practicable extent consistent with the accomplishment of its purposes, to investment projects involving the skills and resources of small business;".

On page 2, line 11, strike out "(E)" and insert in lieu thereof "(F)".

Mr. KENNEDY. Mr. President, I shall explain the amendment briefly to the Senate.

May we have order?

The PRESIDING OFFICER. There will please be order in the Senate. The Senator cannot be heard. He deserves to be heard.

Mr. KENNEDY. Mr. President, the purpose of the amendment is to provide preferential consideration for small business in the investment insurance program of OPIC, as provided for under this legislation. I think all of us are aware of the charges and allegations that most of OPIC's insurance coverage goes to large companies and banks that have taken advantage of the legislation.

The PRESIDING OFFICER. Will Senators carry on their conversations in the cloakrooms? The Senator cannot be heard.

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, we have heard the allegations and charges—which I think have a considerable amount of credibility—that the companies and banks that have taken advantage of OPIC's insurance procedures have largely been the Fortune magazine 500 and the large banks of this country.

This amendment provides preferential consideration for small companies that want to take advantage of this OPIC program. I think this change is worthwhile and valuable. It will stimulate additional interest on the part of small companies in developing world investments, and will open up additional opportunities for them. And it will also help answer one of the principal criticisms that has been made of OPIC; namely, that the major companies and major banks have an extraordinary amount of influence in the host countries themselves. This amendment could help curtail that influence, by increasing the role of small rather than large business. For all these reasons, I believe this amendment would strengthen the legislation we are considering.

I have talked with the floor manager and the ranking member of the committee about the amendment. I hope they will take it to conference.

I reserve the remainder of my time.

Mr. CHURCH. Mr. President, I have no objection to the amendment. I agree with the sentiment expressed by the distinguished Senator from Massachusetts. However, I think, as a practical matter, if the past is any evidence of the future, the program will continue to be highly concentrated in favor of big companies. That is the history of the program, even though Congress has attempted to indicate that small and medium size businesses should be given special attention.

Nevertheless, as I say, I have no objection to including this language in the bill, and I hope it might have more effect in the future than it has in the past.

Mr. CASE. Mr. President, the minority has no objection.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. CHURCH. I yield.

Mr. JAVITS. Mr. President, I have no

objection to the amendment and think it should be adopted.

The PRESIDING OFFICER. Is all time remaining on the amendment yielded back?

Mr. KENNEDY. I yield back my time.

Mr. CHURCH. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time on the amendment having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KENNEDY. Mr. President, I have another amendment at the desk, which I call up and ask to have considered at this time.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 2, between lines 12 and 13, insert the following:

(G) strike out the word "and" at the end of clause (j), and insert the word "and" at the end of clause (k); and add at the end of the section the following new clauses:

"(1) to give preferential consideration in its investment insurance and reinsurance activities to investment projects in the least developed among the developing countries.

Mr. KENNEDY. Mr. President, the purpose of this amendment is to provide preferential consideration in OPIC's insurance and reinsurance. Activities for investment projects in the least developed among the developing countries, in accordance with the concept of the Foreign Assistance Act, as amended by the Congress last year.

All of us are mindful that the greatest concentration of OPIC's investment insurance has been in the most developed of the least developed countries—the reverse of Congress intentions in foreign aid legislation.

In the original language of the amendment, I had designated as the least developed countries the 25 that are so defined by the United Nations. I have left that particular language out, in order to provide flexibility for OPIC. But the amendment as introduced still provides that, to the maximum extent possible, the Congress wants these benefits to go to the least developed countries.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. JAVITS. I think the Senator inadvertently used the wrong language. It is not "to the maximum extent possible." It is "to the maximum extent practicable," just as it was in the previous one. So if the Senator will proceed to change the language to "to the maximum extent practicable," I think that will be what is intended.

Mr. KENNEDY. Mr. President, I ask to have my amendment modified accordingly.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment, as modified, is as follows:

On page 2, between lines 12 and 13, insert the following:

(G) strike out the word "and" at the end of clause (j), and insert the word "and" at the end of clause (k); and add at the end of the section the following new clause:

"(1) to the maximum extent practicable to give preferential consideration in its investment insurance and reinsurance activities to investment projects in the least developed among the developing countries.

Mr. CHURCH. Mr. President, again I concur in the sentiment expressed in the amendment, but I must say in all frankness, if past history is any evidence of the future, the concentration is to be as great and as limited as it has been both under the AID and OPIC administration of this program. Nevertheless, it puts the Congress on record as favoring investment in the least developed countries. That is a sentiment I endorse. On that basis I am pleased to accept the amendment.

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

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

The PRESIDING OFFICER. All time on the amendment having been yielded back, the question is on agreeing to the amendment of the Senator from Massachusetts, as modified.

The amendment, as modified, was agreed to.

Mr. CHURCH. Mr. President, I do not believe there are any further amendments to be offered.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

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

The PRESIDING OFFICER. Is all time on the bill yielded back?

Mr. CHURCH. Mr. President, I have no further argument to make. I am prepared to yield back the remainder of my time, if the Senator from New Jersey is willing to yield back the remainder of his time.

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

The PRESIDING OFFICER. All time on the bill having been yielded back, and the bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Ohio (Mr. METZENBAUM) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUYE) is absent because of a death in family.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Kansas (Mr. PEARSON) is absent on official business.

I further announce that the Senator from Tennessee (Mr. BAKER) and Senator from New York (Mr. BUCKLEY) are necessarily absent.

The result was announced—yeas 56, nays 35, as follows:

[No. 44 Leg.]

YEAS—56

Aiken	Griffin	Muskie
Allen	Hansen	Nunn
Bartlett	Hart	Pastore
Beall	Haskell	Pell
Bellmon	Hatfield	Percy
Bennett	Hathaway	Roth
Bible	Hruska	Scott, Hugh
Biden	Hughes	Sparkman
Brock	Humphrey	Stafford
Brooke	Javits	Stevens
Chiles	Kennedy	Stevenson
Church	Long	Taft
Cranston	Mathias	Talmadge
Curtis	McClure	Thurmond
Dole	McGee	Tower
Domenici	McGovern	Tunney
Dominick	McIntyre	Weicker
Fannin	Mondale	Williams
Fong	Moss	

NAYS—35

Abourezk	Goldwater	Montoya
Bentsen	Gravel	Nelson
Burdick	Gurney	Packwood
Byrd, Harry F., Jr.	Hartke	Proxmire
Byrd, Robert C.	Helms	Ribicoff
Cannon	Hollings	Schweiker
Case	Huddleston	Scott, William L.
Clark	Jackson	Stennis
Cook	Johnston	Symington
Cotton	Magnuson	Young
Eagleton	Mansfield	
Ervin	McClellan	
	Metcalf	

NOT VOTING—9

Baker	Eastland	Metzenbaum
Bayh	Fulbright	Pearson
Buckley	Inouye	Randolph

So the bill (S. 2957) was passed as follows:

S. 2957

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 "Overseas Private Investment Corporation Amendments Act".

SEC. 2. Title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended as follows:

(1) In section 231—

(A) in the first sentence, strike the word "progress" and insert in lieu thereof the word "development";

(B) strike out clause (a) and insert in lieu thereof the following:

"(a) to conduct financing, insurance, and reinsurance operations on a self-sustaining basis, taking into account in its financing operations the economic and financial soundness of the project;";

(C) strike out clause (b);

(D) in clause (d), strike out ", when appropriate,", and insert after "efforts to share its insurance" the following: "and reinsurance";

(E) strike out clause (e) and insert in lieu thereof the following:

"(c) to give preferential consideration in its investment insurance and reinsurance activities, to the maximum practicable extent consistent with the accomplishment of its purposes, to investment projects involving the skills and resources of small business;";

(F) in clause (1), after "balance-of-payments" insert "and employment"; and

(G) strike out the word "and" at the end of clause (j), and insert the word "and" at the end of clause (k); and add at the end of the section the following new clause:

(1) to the maximum extent practicable, to give preferential consideration in its investment insurance and reinsurance activities to investment projects in the least developed among the developing countries."

(2) Section 234 is amended—

(A) by striking out the section caption and inserting in lieu thereof the following: "INVESTMENT INSURANCE AND OTHER PROGRAMS"; and

(B) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) INVESTMENT INSURANCE.—(1) The Corporation is authorized to issue insurance, upon such terms and conditions as the Corporation may determine, to eligible investors assuring protection in whole or in part against any or all of the following risks with respect to projects which the Corporation has approved:

"(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

"(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government; and

"(C) loss due to war, revolution, or insurrection.

"(2) Recognizing that major private investments in less developed friendly countries or areas are often made by enterprises in which there is multinational participation, the Corporation may make arrangements with foreign governments (including agencies, instrumentalities, or political subdivisions thereof) or with multilateral organizations and institutions for sharing liabilities assumed under investment insurance for such investments and may in connection therewith issue insurance to investors not otherwise eligible hereunder, except that liabilities assumed by the Corporation under the authority of this subsection shall be consistent with the purposes of this title and that the maximum share of liabilities so assumed shall not exceed the Corporation's proportional share as specified in paragraphs (4) and (5) of this subsection.

"(3) Not more than 10 per centum of the total face amount of investment insurance which the Corporation is authorized to issue under this subsection shall be issued to a single investor.

"(4)(A) It is the intention of Congress that the Corporation achieve participation by private insurance companies, multilateral organizations or others in liabilities incurred in respect of the risks referred to in paragraphs (1)(A) and (B) of this subsection under contracts issued commencing January 1, 1975, of at least 25 per centum, and, under contracts issued commencing January 1, 1978, of at least 50 per centum. If for good reason it is not possible for the Corporation to achieve these objectives, the Corporation shall report to the Senate Foreign Relations Committee and the House Foreign Affairs Committee in detail, the reasons for its inability to achieve these objectives and the date by which they are to be achieved.

"(B) The Corporation shall no longer participate as insurer under insurance policies issued after December 31, 1979, in respect to the risks referred to in paragraph (1)(A) and (B) of this subsection unless Congress by law modifies this paragraph.

"(5)(A) It is the intention of Congress that the Corporation achieve participation by private insurance companies, multilateral organizations or others in liabilities incurred in respect of the risks referred to in paragraph (1)(C) of this subsection under contracts issued commencing January 1, 1976, of at least 12½ per centum, and, under contracts issued commencing January 1, 1979, of at least 40 per centum. If for good reason it is not possible for the Corporation to achieve these objectives, the Corporation shall report to the Senate Foreign Relations Committee and the House Foreign Affairs Committee in detail the reasons for its inability to achieve these objectives, and the date by which they are to be achieved.

"(B) The Corporation shall no longer participate as insurer under insurance policies issued after December 31, 1980, in respect to the risks referred to in paragraph (1) (C) of this subsection unless Congress by law modifies this paragraph.

"(6) Notwithstanding the percentage objectives of paragraphs (4) (A) and (5) (A) of this subsection, the Corporation may agree to assume liability as insurer for any policy, or share thereof, that a private company or multilateral organization or institution has issued in respect of the risks referred to in paragraph (1) of this subsection, and neither the execution of such agreement nor its performance by the Corporation shall be considered as participation by the Corporation in any such policy for purposes of such objectives. Commencing January 1, 1981, the Corporation shall not further enter into any agreement to assume liability as a direct insurer for any policy issued after that date by any company, organization, or institution.

"(7) The Corporation is authorized to issue, upon such terms and conditions as it may determine, reinsurance of liabilities assumed by other insurers or groups thereof in respect of risks referred to in paragraph (1) of this subsection. The amount of reinsurance liabilities which the Corporation may incur under this paragraph shall not exceed $600,000,000 times the number of years from the date of enactment of this paragraph, and shall never exceed $12,000,000,000 in the aggregate. All such reinsurance shall require that the reinsured party retain for his own account specified portions of liability so that, before the Corporation is required to make any reinsurance payment, the reinsured party will absorb in any one year a loss equal to at least 50 per centum of the face value of all the insurance it has outstanding in the country in which it has issued the most insurance subject to reinsurance by the Corporation. All reinsurance issued by the Corporation shall be issued in a businesslike manner.

"(8) On December 31, 1979, the Corporation shall cease to write or manage direct insurance issued after such date in respect to risks referred to in paragraph (1) (A) or (B) of this subsection unless Congress by law modifies this sentence. On December 31, 1980, the Corporation shall cease to write or manage direct insurance issued after such date in respect to risks referred to in paragraph (1) (C) of this subsection unless Congress by law modifies this sentence. It shall thereafter act solely as a reinsurer except to the extent necessary to manage its outstanding insurance and reinsurance contracts and, subject to the restrictions of paragraph (6) of this subsection, any policies the Corporation assumes when private insurance companies and multinational organizations and institutions fail to renew their short-term policies.

"(9) For purposes of this subsection, new policies include renewals and extensions of policies.

"(10) The Corporation is authorized, subject to the provisions of paragraph (8) of this subsection, to make and carry out contracts of insurance and reinsurance, and agreements to associate and share risks, with insurance companies, financial institutions, or others, or groups thereof, employing the same, where appropriate, as its agent, or acting as their agent, in the issuance and servicing of insurance, the adjustment of claims, the exercise of subrogation rights, the ceding and accepting of reinsurance, and in other matters incident to doing an insurance business, and pooling and other risk-sharing arrangements with other national or multinational insurance or financing agencies or groups thereof, and to hold an ownership interest in any association or other entity established for the purposes of sharing risks under investment insurance."

(3) In section 235—

(A) in subsection (a)(4), strike out "section 234 (a) and (b)" and insert in lieu thereof "section 234(a)", and strike out "December 31, 1974," and insert in lieu thereof the following: "December 31, 1976.";

(B) in subsection (d), after the words "investment insurance" add the words "and reinsurance"; and

(C) strike subsection (f) and insert in lieu thereof the following:

"(f) There are authorized to be appropriated to the Corporation, to remain available until expended, such amounts as may be necessary from time to time to replenish or increase the insurance and guaranty fund, to discharge the liabilities under insurance, reinsurance, and guaranties issued by the Corporation or issued under predecessor guaranty authority, or to discharge obligations of the Corporation purchased by the Secretary of the Treasury pursuant to this subsection. However, no appropriations to augment the Insurance Reserve shall be made until the amount of funds in the Insurance Reserve is less than $25,000,000. Any appropriations to augment the Insurance Reserve shall then only be made either pursuant to specific authorization enacted after the date of enactment of the Overseas Private Investment Corporation Amendments Act, or to satisfy the full faith and credit provision of section 237(c). In order to discharge liabilities under investment insurance or reinsurance, the Corporation is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed $100,000,000, which shall be repaid within one year of the date of issue. Such obligations shall bear interest at 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 of comparable maturities during the month preceding the issuance of such obligations. The Secretary of the Treasury is hereby authorized and directed to purchase any obligation of the Corporation issued hereunder.".

(4) In section 237—

(A) in subsection (a), strike out "and guaranties" and insert in lieu thereof a comma and "guaranties, and reinsurance"; and strike out "or guaranties" and insert in lieu thereof a comma and "guaranties, or reinsurance";

(B) strike out subsection (b) and insert in lieu thereof the following:

"(b) The Corporation shall determine that suitable arrangements exist for protecting interest of the Corporation in connection with any insurance, guaranty, or reinsurance issued under this title, including arrangements concerning ownership, use, and disposition of the currency, credits, assets, or investments on account of which payment under such insurance, guaranty, or reinsurance is to be made, and any right, title, claim, or cause of action existing in connection therewith.";

(C) strike out subsection (c) and insert in lieu thereof the following:

"(c) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 143(b) of the Mutual Security Act of 1954, as amended, all guaranties heretofore issued pursuant to prior guaranty authorities repealed by the Foreign Assistance Act of 1969, and all insurance, reinsurance, and guaranties issued pursuant to this

title shall constitute obligations, in accordance with the terms of such insurance, reinsurance, or guaranties, of the United States of America and the full faith and credit of the United States of America is hereby pledged for the full payment and performance of such obligations.";

(D) strike out subsection (d) and insert in lieu thereof the following:

"(d) Fees shall be charged for insurance, guaranty, and reinsurance coverage in amounts to be determined by the Corporation. In the event fees charged for investment insurance, guaranties, or reinsurance are reduced, fees to be paid under existing policies for the same type of insurance, guaranties, or reinsurance and for similar guaranties issued under predecssor guaranty authority may be reduced.";

(E) in subsection (e), after the word "insurance" strike out "or guaranty" and insert in lieu thereof a comma and "guaranty, or reinsurance";

(F) add the following sentence at the end of subsection (f): "Notwithstanding the foregoing, the Corporation shall limit the amount of direct insurance and reinsurance issued by it under section 234(a) so that risk of loss as to at least 10 per centum of the total investment of the insured or its affiliates in the project is borne by the insured or such affiliates on the date the insurance is issued.";

(G) in subsection (g), after the word "guaranty", insert a comma and "insurance, or reinsurance";

(H) in subsection (h), after the word "Insurance", strike out "or guaranties" and insert in lieu thereof a comma and "guaranties, or reinsurance";

(I) in subsection (i), after the word "insurance", insert ", reinsurance,"; and

(J) strike out subsection (k) and insert in lieu thereof the following:

"(k) In making a determination to issue insurance, guaranties, or reinsurance under this title, the Corporation shall consider the possible adverse effect of the dollar investment under such insurance, guaranty, or reinsurance upon the balance of payments to the United States.".

(5) In section 239—

(A) in subsection (b), add the following new sentences at the end thereof: "On December 31, 1979, the Corporation shall cease operating the programs authorized by section 234 (b) through (e) and section 240. Thereafter, the President is authorized to transfer such programs, and all obligations, assets, and related rights and responsibilities arising out of, or related to, such programs to other agencies of the United States. Upon any such transfer, these programs shall be limited to countries with per capita income of $450 or less in 1973 dollars."; and

(B) add at the end thereof the following:

"(h) Within six months of the date of enactment of this subsection, the Corporation shall develop and implement specific criteria intended to minimize the potential environmental implications of projects undertaken by investors abroad in accordance with any of the programs authorized by this title.".

(6) In section 240, relating to agricultural credit and self-help community development projects, strike out subsection (h).

(7) In section 240A, strike out subsection (b) and insert in lieu thereof the following:

"(b) Not later than January 1, 1976, the Corporation shall submit to the Congress an analysis of the possibilities of transferring all of its activities to private insurance companies, multilateral organizations and institutions, or other entities.".

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NO-FAULT CAN SAVE LIVES

Mr. MAGNUSON. Mr. President, much of the debate surrounding no-fault auto insurance in this and previous Congresses has been based on lawyers' language. We have heard a great deal about the "right to sue for pain and suffering" and the "value of tort liability as a deterrent to unsafe driving."

But the things that really matter in this debate are the human issues. The questions that each Member must ask himself are human questions. What happens today to the typical, seriously injured auto accident victim? How long must he wait to be compensated for his lost wages, his medical bills, his out-of-pocket expenses? Who will pay for endless months of medical and vocational rehabilitation services to teach him to use prosthetic devices and to develop new employment skills? And how much of his losses will ultimately be paid, and what are the odds that he will get this compensation?

The chairman of the department of rehabilitation medicine in my State, Dr. Justus Lehmann, has just written a letter that gets to the heart of the matter. Speaking for his colleagues at the Harborview Medical Center, the Veterans Hospital, the Public Health Hospital, and the Children's Orthopedic Hospital in Seattle, Dr. Lehmann writes that—

We are strongly in favor of this bill (S. 354)—because we see the terrible aftermath of automobile accidents which may ruin not only the life of an individual but also the future of entire families. . . . They end up on welfare—perhaps with only a future goal of staying in a nursing home. In many instances whole families are forced on the welfare payroll.

I am pleased that the rehabilitation doctors believe that this bill can "drastically change the dismal picture" and give the auto accident victim a chance to come back to an independent and rewarding productive life.

I ask unanimous consent that Dr. Lehmann's letter and my response be included in the RECORD as we prepare for floor consideration of this too long postponed need.

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

UNIVERSITY OF WASHINGTON,
Seattle, Wash., February 4, 1974.

Hon. WARREN G. MAGNUSON,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MAGNUSON: On August 2, 1973 the Senate Commerce Committee reported the No-Fault Auto Insurance Bill S. 354 favorable by a 15–3 vote. The bill was then referred to the Senate Judiciary Committee. The Committee agreed to report the bill so that the full Senate could vote on it.

We in Rehabilitation Medicine are very much in favor of this bill, especially in favor of the provisions for medical and rehabilitation care as reported by the Senate Commerce Committee and we sincerely hope that these will be retained. We are strongly in favor of this bill here at the University of Washington Rehabilitation Center which includes Harborview Medical Center, Veterans Hospital, Public Health Hospital, and Childrens Orthopedic Hospital because we see the terrible aftermath of automobile accidents which may ruin not only the life of an individual but also the future of entire families. This bill can drastically change the dismal picture which is presented by these patients. The real problem is that the cost of getting these people back on their feet to work or to school is formidable. They end up on welfare payroll perhaps with only a future goal of staying in a nursing home. In many instances whole families are forced on the welfare payroll. I think this bill is really progressive. I think, as a matter of fact, that the burden to society for such accidents would be greatly relieved. I sincerely hope that these provisions will therefore be retained.

I know that you have been very much in favor of such bills and therefore I wanted to bring the importance of this bill to our area and to our state to your attention.

Thank you for your considerations.

Sincerely yours,

JUSTUS F. LEHMANN, M.D.,
Professor and Chairman.

FEBRUARY 25, 1974.

JUSTUS F. LEHMANN, M.D.,
Professor and Chairman, Department of Rehabilitation Medicine, RJ–30, School of Medicine, University of Washington, Seattle, Wash.

DEAR DR. LEHMANN: Thank you for your good letter of February 4, 1974, urging strong support of the National No-Fault Motor Vehicle Insurance Act (S. 354) on the ground that it will drastically change the dismal situation that now confronts many victims of automobile accidents and their families.

I am taking the liberty of inserting your letter in the CONGRESSIONAL RECORD in hopes that more Members and readers will realize that the most important justification for Federal standards no-fault auto insurance is that it will save and restore lives.

The President of the Appalachian Regional Hospitals system, Dr. Theodore P. Hipkins, testified before the Commerce Committee last year that "the principal advantage of a no-fault system of automobile insurance is that all parties involved in the system—the accident victims, the insurer, the state and agencies providing help and rehabilitative service—have positive incentives to restore the individual who is involved in an accident to maximum physical and occupational functions as rapidly as possible."

I have noted with interest your suggestion that under S. 354 *all* of the benefits provided to victims are really rehabilitation benefits because their effect is to restore victims to productive lives rather than to let many of them be condemned to live "on the welfare payroll".

Thank you for your interest and helpful insights.

Sincerely yours,

WARREN G. MAGNUSON, *Chairman.*

THE RETIREMENT OF REPRESENTATIVE JULIA BUTLER HANSEN

Mr. MAGNUSON. Mr. President, Representative JULIA BUTLER HANSEN—dean of Washington State's delegation in the House of Representatives, chairman of the House Interior Appropriations Subcommittee, and my very close friend and colleague for so many years—has announced she will retire from Congress at the end of the year. While I would be the first to acknowledge that Mrs. HANSEN long ago earned every right to shed the burdens of elective office, I also know how much her presence in the Congress will be missed by the Nation, the Congress, all of us in the Washington delegation and, especially, by her district.

Having served for 8 years on her hometown city council and for 22 years in the Washington State legislature, Mrs. HANSEN arrived in Congress in 1960 with more legislative experience and savvy than many Members have when they leave. She will depart after 37 years in elective office and with a record of solid legislative achievement of which she can rightfully be proud.

Throughout her career, Mrs. HANSEN has again and again broken traditions that previously had excluded women from positions of public responsibility and authority. She was the first woman to serve on the city council of her hometown of Cathlamet, Wash. She was the first woman to serve as chairman of a County Democratic Central Committee. She was the first woman to be Speaker pro tempore of the Washington State House of Representatives. She was the first woman subcommittee chairman in either the U.S. House or Senate. She was the first Democratic woman to serve on the House Appropriations Committee. And she is the first and only woman to serve on the House Democratic Steering Committee.

Mrs. HANSEN has succeeded where so many others—men and women alike—fail because she has worked hard, spoken bluntly and battled fiercely for what she believes to be right. And if anyone doubts that statement, he should talk with those here in the Senate who have confronted her in conference.

In announcing her decision to retire, Mrs. HANSEN spoke with the same blunt honesty that has always been her trademark.

I am a Westerner and I want to return to the West.

She said:

At the end of the year, when my term expires, I shall return to my home in Cathlamet, Wash., with my husband, to write, garden, do as I please, hang up the telephone or take the damn telephone off the hook, and when people I do not know appear at my door and walk in without knocking, I will have the great opportunity of telling them it is my private home.

But no one gives up their privacy and leisure hours for 37 years to serve the public unless they have a great love for their country and a deep commitment to their fellow citizens. So I was not at all surprised that Mrs. HANSEN also said in her announcement:

As a private citizen, I shall continue, as long as I live, to have a strong interest in my community, district, State, and Nation.

That, as all of us in the Washington congressional delegation know, is a profound understatement. All of us, and particularly I, will continue to seek her advice, ask her assistance, and value her friendship. And I know she will continue to be as blunt as ever in her advice, as valuable as ever as an ally, and as sincere as ever in her friendship.

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

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

REPRESENTATIVE JULIA BUTLER HANSEN

Congresswoman Julia Butler Hansen, D., of Washington State's Third District, announced today that she will not seek reelection to a ninth term in the U.S. House of Representatives this fall.

A distinguished member of Congress, Rep. Hansen achieved high ranking through her service on the powerful House Appropriations Committee, the Democratic Steering Committee and as head of the Democratic Organization Study and Review Committee of the House.

In making known her decision not to seek another term, Mrs. Hansen said: "I want to express my gratitude to the people of the district for their consistent support during the years that I have served both in the State Legislature and in Congress.

"I am a Westerner and I want to return to the West," she said. "At the end of the year, when my term expires, I shall return to my home in Cathlamet, Wash., with my husband, to write, garden, do as I please, hang up the telephone or take the damn telephone off the hook, and when people I don't know appear at my door and walk in without knocking. I'll have the great opportunity of telling them it is my private home.

"As a private citizen I shall continue as long as I live to have a strong interest in my community, district, state and nation.

"I have many regrets about leaving public office, but not nearly as many regrets as anticipations about what life as a private citizen can be.

"Life is not going to be long enough to do all the things that I want to do," she said. "I have so many interests."

"Thirty-seven years is a long time to be pursued by an endless string of people who want everything from post offices to gasoline. It is also a long time to receive telephone calls on Christmas Eve or New Year's Eve from the United Press or Associated Press," she continued.

"Traveling east to west is one of the biggest trials and tribulations there is and Main Street in Cathlamet, where I own my home, will never look as good as it will after all my encounters with Washington, D.C., houses where the plumbing won't work; landlords won't weather strip, and charge everyone ungodly rents, particularly to members of Congress. I am delighted at the prospect of being Mrs. Julia Hansen again—citizen of the U.S.A.," she continued.

"I am probably one of the few people who didn't really ever want to come to Congress and had to be pushed, because I had never considered that politics were really a career," Rep. Hansen said. "It played an important part of my life. When I was born my mother was in public office. I was married while serving in public office. And my granddaughter was born while I was serving in Congress."

"But this long association with public office has had its ups and downs," she declared. "When I was a small youngster I was admonished by my mother, 'Now remember I hold public office and you can do certain things and you can't do certain things.' I can remember when I was a small girl, and my father was sheriff, of angry culprits coming to the house and threatening to shoot him."

Continuing, she said, "I was bathing my son when he was a baby and an irate constituent showed up and told me in no uncertain terms to drop him because she needed and demanded my time. But I have loved and appreciated all the people in the Third District and I have loved the district. It is the most beautiful part of the United States and I return with great affection for the land and wonderful neighbors."

She expressed appreciation for the support and encouragement she had received during her political career from J. M. McClelland Sr., president of the Longview, Wash., Daily News. "I doubt that I would have sought election to the State Legislature if it had not been for his encouragement."

"I want to thank all of the people representing the communications media for their courtesy and consideration throughout my career in public office," Mrs. Hansen said.

She added that during the months ahead she hopes to visit every county in her district and say, "Thank you," to all her many friends and supporters. "I am not only grateful for their support, but for their interest in government and their participation in the programs with which my office has been associated. They have always participated and worked with the office to make possible some of these things."

Mrs. Hansen has achieved a unique record for a woman in public office. Congressional Research Service has indicated it is possible that she has served longer than any other woman, a period of 37 years, as a city council member, legislator and Member of Congress.

Mrs. Hansen's career as an elected official began as a member of the Cathlamet City Council, where she was first elected on December 7, 1937, and took office on Jan. 11, 1938. In the fall of 1938 she was elected to the State Legislature, where she served for 22 years.

She resigned from the Legislature in November 1960, after being elected to fill an unexpired term and, at the same time, was voted a full two-year term in Congress. Mrs. Hansen has served continuously in the House of Representatives since late 1960.

There were eight years early in her political career where she was involved in an election campaign every fall. From her first city council campaign in 1937 through 1944 she was busy with a campaign for office each year. First it was election to the council, the next year it was a campaign to retain her seat in the Legislature. It was a grueling experience, one that she will never forget. She served eight years on the council and 22 years in the Legislature.

Mrs. Hansen has pioneered the way in breaking with tradition that has kept women out of key positions of government at the local, state and national levels.

Mrs. Hansen, during her political career, has achieved the following "firsts" for women in government:

First woman to serve on the Cathlamet City Council.

First woman to serve as chairman of a County Democratic Central Committee.

First woman chairman of the Roads and Bridges Committee of the Washington State House of Representatives.

First woman to be speaker pro tempore of the Washington State House of Representatives.

First woman to become chairman of the Western Interstate Committee on Highway Policy Problems of the 11 western states, a position she held for ten years from 1950 to 1960.

First woman subcommittee chairman in either the House or Senate of the U.S. Congress.

First Democratic woman to serve on the House Appropriations Committee.

First woman to serve as a member of the House Appropriations Subcommittee on Transportation.

First and only woman to serve on the House Democratic Steering Committee.

During her service in the State Legislature, Mrs. Hansen made major contributions to the development of the state's highway system. As chairman of the House Roads and Bridges Committee she worked with great vigor toward establishing a long-range highway construction program reaching all parts of the state. She also initiated the legislation that resulted in the establishment of a state

highway commission that took the highway program out of the hands of the political forces working in the Legislature.

Mrs. Hansen expressed the belief that her most important highway legislation was the law that provided for development of limited access highways, placing the state of Washington in a position of nationwide leadership in highway safety and management. She also was responsible for initiating research by two state universities that provided the basis for a priority system of allocating highway funds, a system now used both nationally and internationally. Other important highway legislation she introduced provided for speedier truck licensing and placing the State Patrol on a sound fiscal basis.

She turned her attention to the problem of mass transit during her service in the Legislature and through the years has supported the idea of providing means for moving large numbers of people conveniently and quickly at a limited cost and a minimum consumption of energy.

"We must seek better ways to manage traffic on our highways and streets," she commented. "Mass transit is one of the methods that can be utilized. And it will contribute to savings in energy."

Because of her legislative efforts in behalf of highways, she was selected as the keynote speaker for the 1952 conference in Washington, D.C., on Project Adequate Roads.

Mrs. Hansen was named to the Legislature's Education Committee in 1939 and was chairman from 1941 to 1947. While serving on the committee she successfully sponsored legislation for school lunches, teacher contract laws, a new approach to junior college basic financing and an employee retirement program, along with the 1945 basic school support bill which established the system of distributing school funds on a basis of need. Mrs. Hansen also co-sponsored a bill authorizing construction of a new state library. She served as chairman of the State Legislature's Elections and Privileges Committee where she authored legislation that gave women equality on county and state party central committees.

Her work on behalf of highways in the State Legislature was widely recognized and she was named chairman of the Western Interstate Committee on Highway Policy of the 11 western states. Mrs. Hansen held this position for ten years, gaining wide recognition for her contributions to state highway programs throughout the entire West.

Following her election to Congress in 1960, Mrs. Hansen immediately plunged into the work of the House. At various times she served on the Education and Labor, Veterans Affairs, and Interior and Insular Affairs Committees. She was named to the House Appropriations Committee, the first Democratic woman to serve on the committee. She was assigned to the Interior and Related Agencies subcommittee and was elevated to chairman of the subcommittee in 1967. She made her first floor appearance in this significant role when she presented the 1968 appropriations bill for the departments and agencies funded through her subcommittee.

She continues as chairman of this subcommittee, which is responsible for funding that runs upwards from $2.5 to $3 billion annually. Many of the activities funded in these departments are of vital importance to the Pacific Northwest.

Rep. Hansen's subcommittee has the responsibility of reviewing the appropriations requests for 28 different agencies plus management for key energy programs, 300,000 miles of federal roads, 753 million acres of public lands, vital natural resources including the national parks and federally-owned timber and mineral lands, research in the field of oil and coal, pollution abatement and federal programs for approximately 600,000 American Indians, as well as the Trust Territories in the Pacific.

Mrs. Hansen has traveled throughout the United States and Alaska on her committee work and has probably spent more hours on Indians reservations, U.S. Forests and Department of Interior programs than any other subcommittee chairman for many years. She will continue to head the subcommittee and carry out these responsibilities during the balance of 1974.

She has maintained a deep interest in the problems of the American Indians, both those on reservations and those living in urban areas. During appropriations hearings Mrs. Hansen has consistently sought increased funding for hospitals, schools and employment opportunities for the Indians.

Her great interest in the best possible utilization of the nation's natural resources is revealed in her questioning of witnesses before her appropriations subcommittee. This can cover a wide range from development of processes for increased use of the nation's coal reserves, search for new oil and shale fields, better utilization of the national forests, as well as funding for the arts and humanities.

The departments and agencies funded through the subcommittee include:

The Forest Service, Bureau of Land Management, Joint Federal-State Land Use Planning Commission of Alaska, Bureau of Sport Fisheries and Wildlife, Bureau of Outdoor Recreation, Land and Water Conservation Fund, National Park Service, Smithsonian Institution, Bureau of Mines, Federal Metal and Nonmetallic Mine Safety Board of Review, Geological Survey, Office of Coal Research, Office of Coal and Gas, Office of the Secretary, Office of the Solicitor, Office of Water Resources Research, Bureau of Indian Affairs, Indian Claims Commission, Indian Health Service, National Council on Indian Opportunity, Territorial Affairs, American Revolution Bicentennial Administration, National Endowment for the Arts and Humanities, National Gallery of Art, Pennsylvania Avenue Development Corp. and the Woodrow Wilson International Center for Scholars.

In 1970 Mrs. Hansen was assigned the challenging task of serving as chairman of the Democratic Committee on Organization, Study and Review, which later became known as the "Hansen Committee." Through the efforts of the committee, numerous rules and policy changes were carried out in the House. Some of the achievements of the committee included abolishing the old seniority rule for elevating committee members to chairmanships; a provision that no Member may chair more than one subcommittee; providing that no Member shall be a member of more than two committees with legislative jurisdiction. She also supported legislation that cut off funds for continuation of the U.S. military activities in Cambodia, marking the first time the House has passed legislation limiting U.S. involvement in the Indochina war.

Mrs. Hansen is the dean of the Washington State delegation in the House. And, in this connection, she remarked, "I'm not quitting because of Watergate."

Mrs. Hansen is a member of the board of directors of the American Revolution Bicentennial Commission as the representative of Congress. She was named to the position by Speaker Albert.

Numerous honors have been bestowed on Mrs. Hansen in recognition of her outstanding efforts in the field of lawmaking. At the 125th annual commencement at St. Mary's College, Notre Dame, Ind., she was presented with the degree of Doctor of Laws for her outstanding work in public life. The award took note of her outstanding work in the State Legislatiure and Congress in the fields of environmental protection, resource and energy management, historic preservation, improvement of Indian health and education programs, and for advancing the arts and humanities.

In 1973 Mrs. Hansen, along with Sen. Sam Ervin, D.-N.C., were honored by the National Congress of American Indians with the Henry M. Teller Award for outstanding efforts in behalf of legislation benefitting the Indian people. Rep. Hansen also has been honored for her work in behalf of the nation's Indian tribes by the Cherokee, Chickasaw, Choctow, Creek and Seminole tribes. The Makah Tribe in the State of Washington also honored her for support of a youth opportunities program.

Mrs. Hansen is a member of the Board of Directors of historic Fords Theater in Washington, D.C., honorary board of directors of Wolf Trap Farm Theater; a member of the board of directors of the Forest History Society; a member of the Advisory Committee of the Woodrow Wilson International Center for Scholars, and an honorary director of the Chinook Heritage Foundation.

Congresswoman Hansen has been deeply interested in the arts and humanities. David G. Barry, chairman of the Washington State Commission for the Humanities, wrote in a letter to Gov. Daniel J. Evans: "I believe it is important to note and give special recognition as well that Congresswoman Julia Butler Hansen is chairperson of the House Subcommittee on the Interior and Related Agencies of the House Committee on Appropriations. It is through her vision and leadership at the national level that the state-based Commissions of the National Endowment for the Humanities have grown from approximately six when our commission came into being to approximately 40 at the present date. This joining of Federal and State leadership will contribute much to decision-making that will influence the future quality of life in our state and country."

Jay Gordon Hall, director for government relations, General Motors Corp., said, "As a patron of the arts, I wish to express my appreciation for all that Mrs. Hansen has done for the arts since becoming chairman of the Appropriations subcommittee funding the National Endowment for the Arts. She has given the arts program its greatest impact by supplying needed federal support."

She is an honorary state member of Delta Kappa Gamma, national education society. Her state honorary membership was awarded in 1947 for "outstanding service to education." Mrs. Hansen is an honorary member of the Washington State Patrol Retired Officers Association and National Association of State Outdoor Liaison Officers. She has received the Washington State Good Roads Association's meritorious public service award, a certificate of recognition from the Washington State University Student Chapter of the American Road Builders Association and a certificate of merit from the Washington State War Fund Committee.

Mrs. Hansen has been a force in Democratic Party affairs through the years. She served as chairman of the Wahkiakum County Central Committee for 20 years; served as vice president of the Washington State Young Democrats in 1939; Nine-County League chairman in 1944 and 1945; a member of the State Executive Committee from 1936 to 1940, and a member of the Democratic National Advisory Committee from 1955 to 1957.

She was "Democratic Woman of the Year" in 1958 and woman's chairman of the Magnuson for Senator state campaign in 1956. Mrs. Hansen also was elected unanimously as chairman of the platform committee at the state Democratic conventions in Yakima in 1958 and Spokane in 1960.

Mrs. Hansen is a member of numerous organizations including the Society of Naval Sponsors, having christened the nuclear submarine Queenfish, Mt. Rainier Chapter L.E.S., the University of Washington chapter of the D.A.R., Elochoman Grange, Longview Business and Professional Women, American Association of University Women, Clark

County Historical Society, National Capital Democratic Club and the Cathlamet Commercial Club.

Mrs. Hansen was formerly manager of the Wahkiakum County Abstract Co. and G. Henry Hanigan Insurance Co. in Cathlamet. She also served as office assistant in the Wahkiakum County Engineer's Office.

Rep. Hansen is well known as a creative writer. She is the author of the prize-winning Northwest historical juvenile novel, "Singing Paddles," published by Sutton House, Henry Holt Co. and Binfords and Mort. She also has written a historical play, "Birnie's Retreat," which has been performed by local casts in Cathlamet and will be presented through the American Revolution Bicentennial celebrations in 1976.

She is a graduate of the University of Washington, working to earn her way through the university.

Mrs. Hansen's maternal ancestors founded Groton, Mass., in 1634 and her paternal ancestors helped Daniel Boone settle Kentucky.

Her family moved to Washington Territory in 1877, settling first in Tumwater before moving to Cathlamet in 1882. Her father, former Wahkiakum County sheriff, was a Spanish American War veteran with the Second Oregon Volunteers. Her mother, a teacher, was Wahkiakum County school superintendent and was named Washington State Mother of the Year in 1960.

Mrs. Hansen's husband, Henry A. Hansen, is a retired logger and a native of Cathlamet. They have one son, David, and a new granddaughter. Mrs. Hansen's brother, Dr. James Butler, is on the faculty of the Department of Drama at the University of Southern California after serving several years as chairman of the department. He is author of several books on the history of drama.

THE DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. 2705, with the understanding that there will be no further action on this bill today.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

The PRESIDING OFFICER. Without objection, the Senate will proceed to consider the bill.

Mr. JAVITS. Mr. President, is there any unanimous-consent request pending?

The PRESIDING OFFICER. There is no unanimous-consent request pending.

ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 12 o'clock noon tomorrow.

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

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. 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 RECOGNITION OF SENATOR MANSFIELD TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that tomorrow, after the distinguished senior Senator from Delaware (Mr. ROTH) has been recognized, the distinguished majority leader be recognized for not to exceed 15 minutes.

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

ORDER FOR TRANSACTION OF ROUTINE BUSINESS TOMORROW AND FOR CONSIDERATION OF S. 2705

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that tomorrow, after the distinguished majority leader has been recognized, there be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes, and that thereafter the Senate proceed to the consideration of S. 2705, a bill to provide for the disposition of abandoned money orders and traveler's checks.

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at the hour of 12 noon.

After the two leaders or their designees have been recognized under the standing order, the distinguished junior Senator from Delaware (Mr. BIDEN) will be recognized for not to exceed 15 minutes.

The distinguished senior Senator from Delaware (Mr. ROTH) will then be recognized for not to exceed 15 minutes.

Following the recognition of the senior Senator from Delaware, the distinguished majority leader (Mr. MANSFIELD) will be recognized for not to exceed 15 minutes.

There will then be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes.

Upon the conclusion of the transaction of routine morning business, the Senate will resume the consideration of S. 2705, a bill to provide for the disposition of abandoned money orders and traveler's checks. Yea-and-nay votes are expected to occur thereon.

ADJOURNMENT

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 12 o'clock noon tomorrow.

The motion was agreed to; and at 5:57 p.m. the Senate adjourned until tomorrow, Wednesday, February 27, 1974, at 12 o'clock noon.

HOUSE OF REPRESENTATIVES—*Tuesday, February 26, 1974*

The House met at 12 o'clock noon.

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

Be not conformed to this world, but be ye transformed by the renewing of your mind, that ye may prove what is that good, and acceptable, and perfect will of God.—Romans 12: 2.

O God and Father of Mankind, in whose will is our peace, in whose love is our life, and in whose service is our joy, send us forth into the demanding duties of these decisive days determined to be loyal to the royal within ourselves and ready to respond wholeheartedly to the call "to be true for there are those who trust us, to be pure for there are those who care, to be strong for there is much to suffer, and to be brave for there is much to dare."

In these critical times when our decisions mean so much to our Nation, save us from thinking too highly of ourselves and help us to live soberly, thinking clearly, speaking carefully, and acting courageously.

Keep us ever mindful of the grand traditions wherein we stand and the great cloud of witnesses which daily surround us in this historic Chamber. Give to us now an unwavering faith in the power of our presence, in the future of our freedom, and in Thy providential care which protects us and provides for us always and all the way.

In the spirit of Him who is the Lord of Life we pray. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed a bill and concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 2394. An act to authorize the acquisition of certain lands for addition to Rocky Mountain National Park in the State of Colorado, and for other purposes; and

S. Con. Res. 70. Concurrent resolution relating to supply of wheat for domestic consumption during the remainder of the 1973–74 marketing year.

The message also announced that the Vice President, pursuant to Public Law